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IN THE UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

SHAPIRO, BERNSTEIN & CO., INC.,

Appellant,

vs.

4636 S. VERMONT AVE., INC., a
California corporation, doing business
as REED'S MUSIC STORE,

Appellee.

FEB 10 1967

APPELLEE'S BRIEF

APPEAL FROM
THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF CALIFORNIA
CENTRAL DIVISION

FILED

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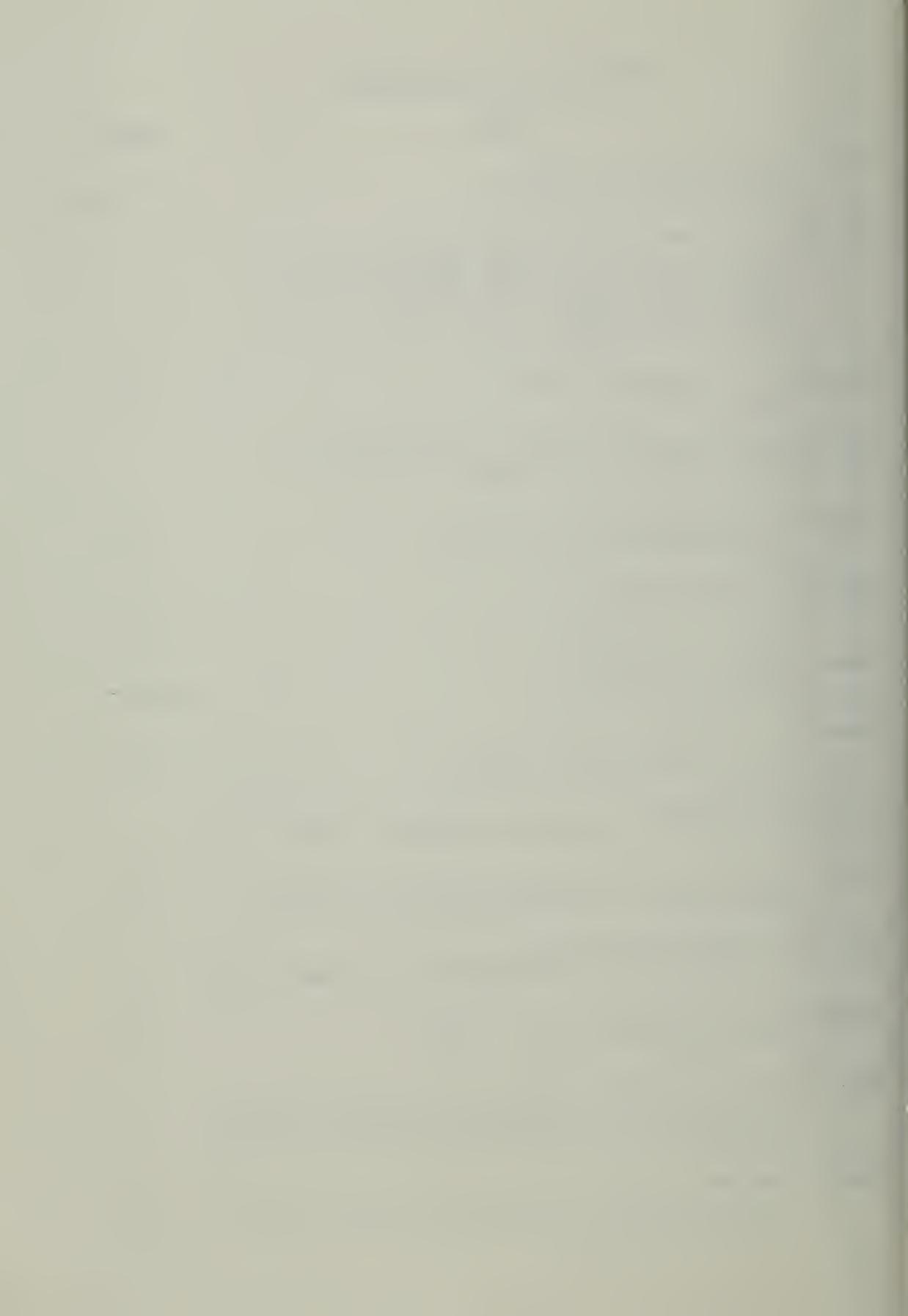
Attorneys for Appellee

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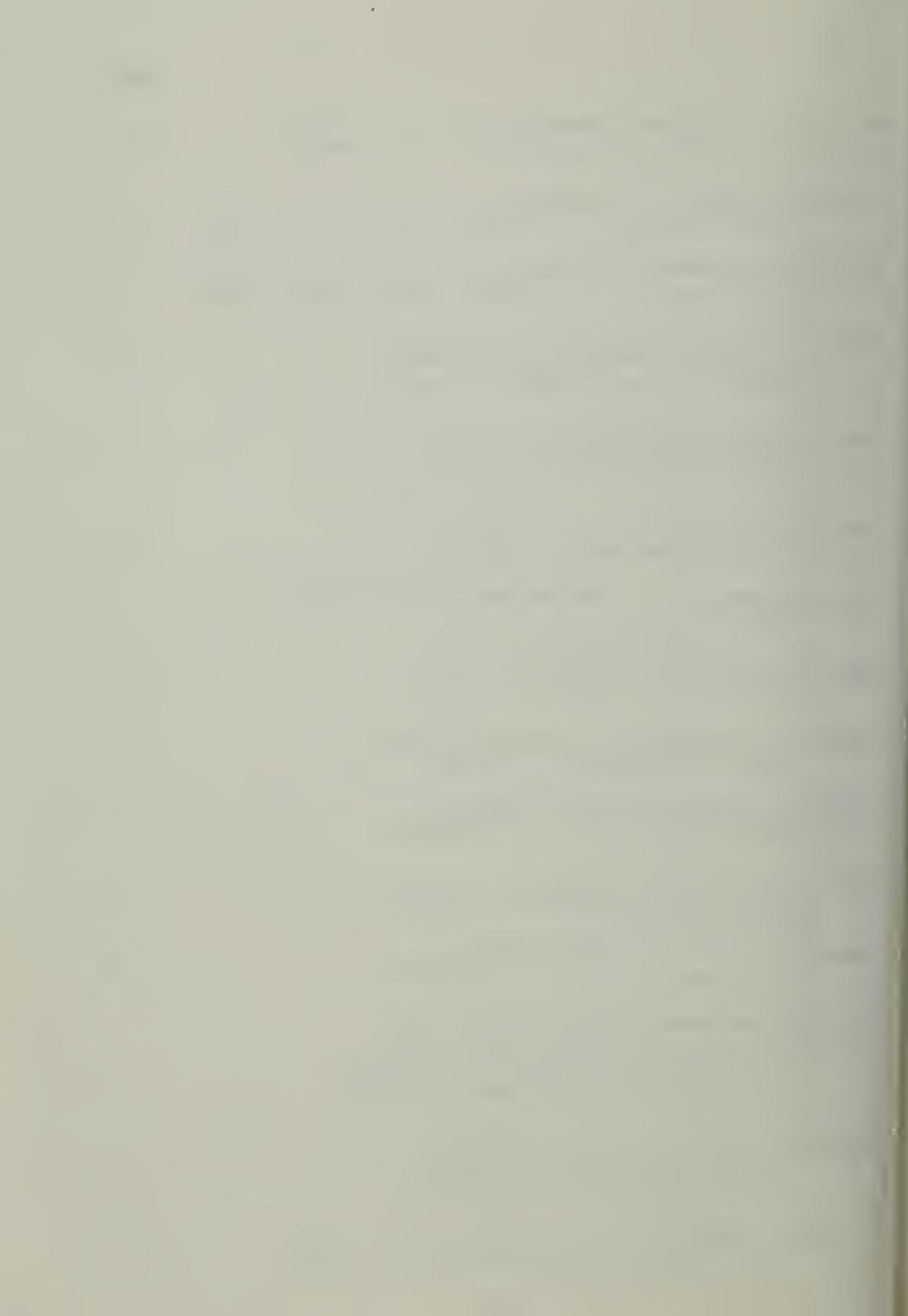
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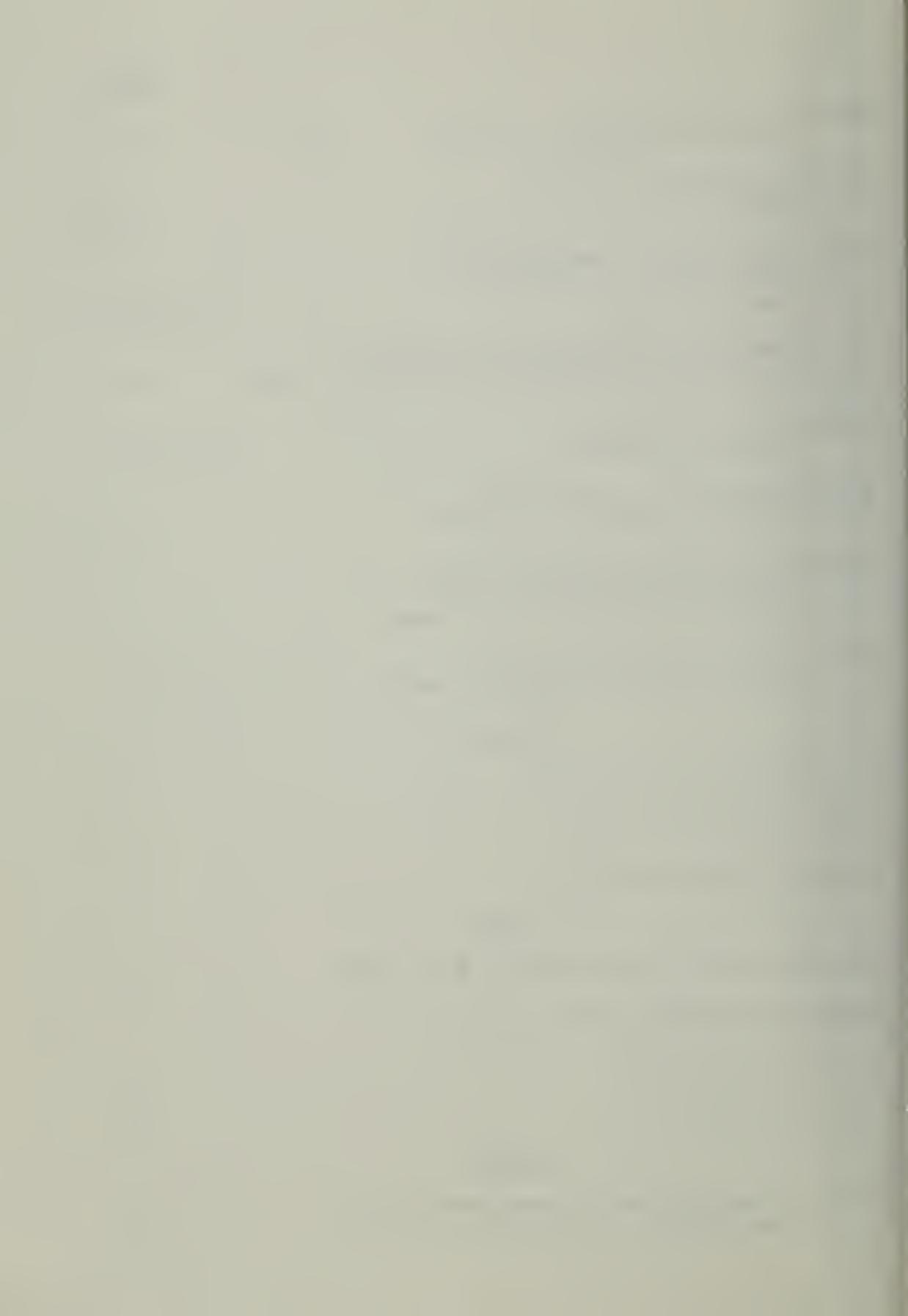
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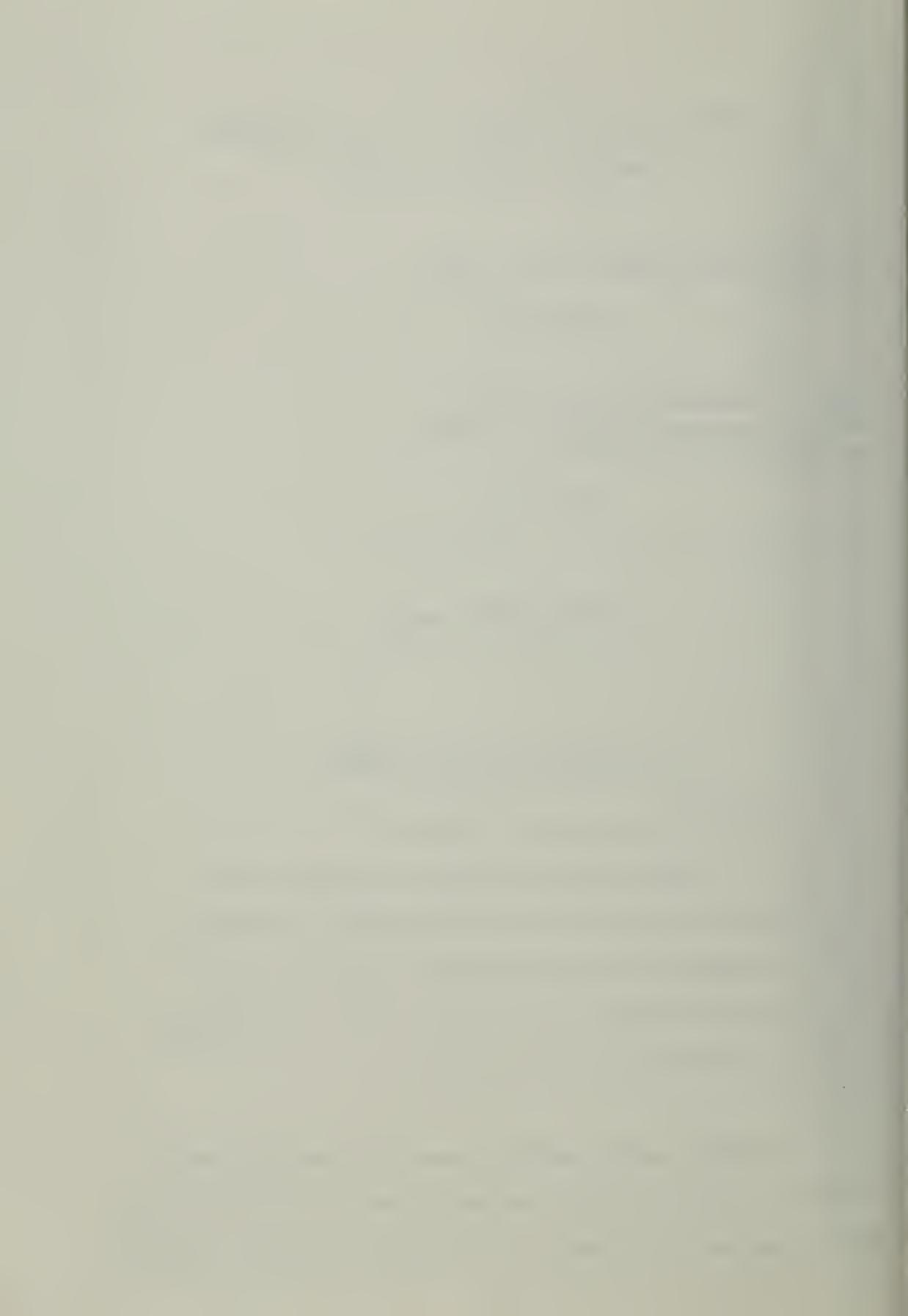
APPELLEE'S BRIEF

STATEMENT OF THE CASE

Plaintiff says on page 1 of its brief:

"This case presents the strikingly unusual
situation where a party was found guilty of copyright
infringement but the copyright owner was awarded
no relief against it, as a result of which the infringer
was awarded its attorneys fees."

Defendant agrees that this case is a strikingly unusual
situation -- one in which the plaintiff abused the judicial process
by bringing suit in bad faith for the purpose of using its superior



economic power to overwhelm a defendant and establish bad precedent favorable to plaintiff. 1/

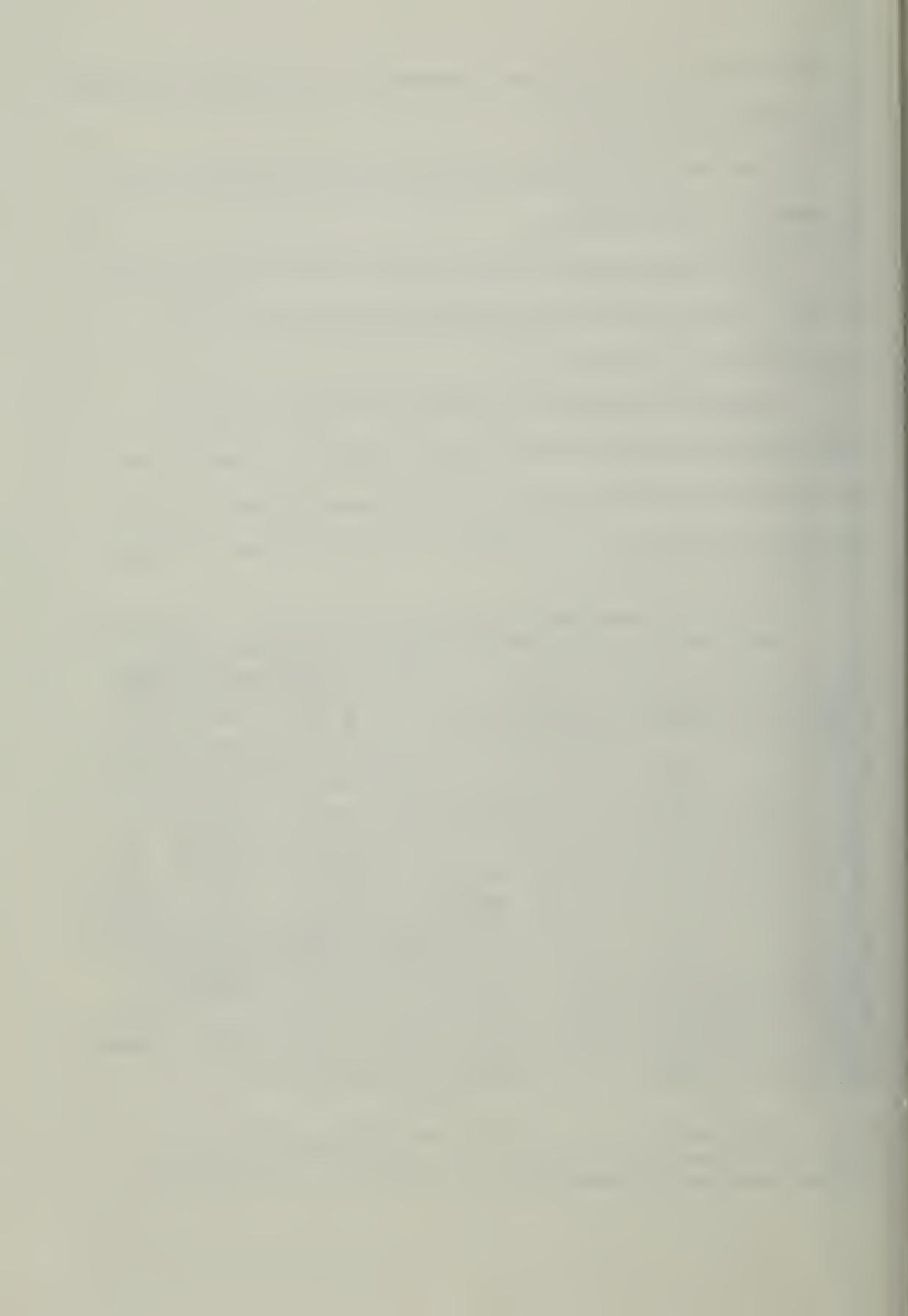
The facts upon which the experienced Chief Judge based his decision are as follows:

Defendant is a small family corporation having three employees. Mr. Bleeker is the president and his wife is vice-president (2 Tr. 52-55). 2/

Defendant is primarily engaged in the sale of pianos, organs and other instruments but about one-half of one per cent (0.00 1/2%) of its total sales is musical compositions, mostly instruction books (2 Tr. 53, 58-59, 86, 110; Opinion, attached

1/ Plaintiff is engaged in the business of printing, publishing and vending copyrighted musical compositions. It has often used the courts to enforce its rights. See Dreamland Ball Room v. Shapiro Bernstein & Co., 36 F.2d 354 (7th Cir. 1929); Widenski v. Shapiro, Bernstein & Co., 54 F. Supp. 780 (D. R. I. 1944) aff'd. 147 F.2d 909 (1st Cir. 1945); Shapiro, Bernstein v. Bryan, 36 F. Supp. 544 (S. D. N. Y. 1940) aff'd. 123 F.2d 697 (2nd Cir. 1941); Shapiro, Bernstein v. Goody, 248 F.2d 260 (2nd Cir. 1957), cert. denied 355 U. S. 952 (1958); Shapiro, Bernstein v. Jerry Vogel, 161 F.2d 406 (2nd Cir. 1946), cert. denied 331 U. S. 820 (1947); Shapiro Bernstein v. Jerry Vogel, 115 F. Supp. 754 (S. D. N. Y. 1953), rev'd. 22, 1 F.2d 569 (2nd Cir. 1955), revised 223 F.2d 252 (2nd Cir. 1955); Shapiro, Bernstein v. Jerry Vogel, 73 F. Supp. 165 (S. D. N. Y. 1947); Shapiro, Bernstein v. Miracle Record, 91 F. Supp. 473 (N. D. Ill. 1950); Shapiro, Bernstein v. Remington Records, 265 F.2d 263 (2nd Cir. 1959); Shapiro, Bernstein v. Royal Plastics, 81 F. Supp. 555 (S. D. N. Y. 1948); Shapiro, Bernstein v. Veltin, 47 F. Supp. 648 (W. D. La. 1942); Shapiro, Bernstein v. H. L. Green, 316 F.2d 304 (2nd Cir. 1963); Shapiro, Bernstein v. Middletown Farmers Market, 334 F.2d 303 (3rd Cir. 1964).

2/ Reference is to Volume 2 of the Transcript of Record, the Reporter's Transcript. Defendant has adopted the designations used by plaintiff.



as Appendix B ^{3/}).

Mr. Bleeker purchased four similarly-titled "fake" books ^{4/} from Mel Alan ^{5/}, a salesman who solicited Mr. Bleeker's business in Mr. Bleeker's store (2 Tr. 56-58, 113). One of these books is the book in suit, Plaintiff's Ex. 1 (2 Tr. 97, 114). Mr. Bleeker purchased it on or about May 31, 1962 (Pltfs. Ex. 14).

Mr. Bleeker did not look inside the books for a copyright notice (2 Tr. 100). He did not pay any attention to whether there was a publisher indicated or a date or place of publication (2 Tr. 100). He did not look to see if credits were given to the composer, author or publisher on the songs (2 Tr. 102).

Mr. Bleeker said (2 Tr. 125):

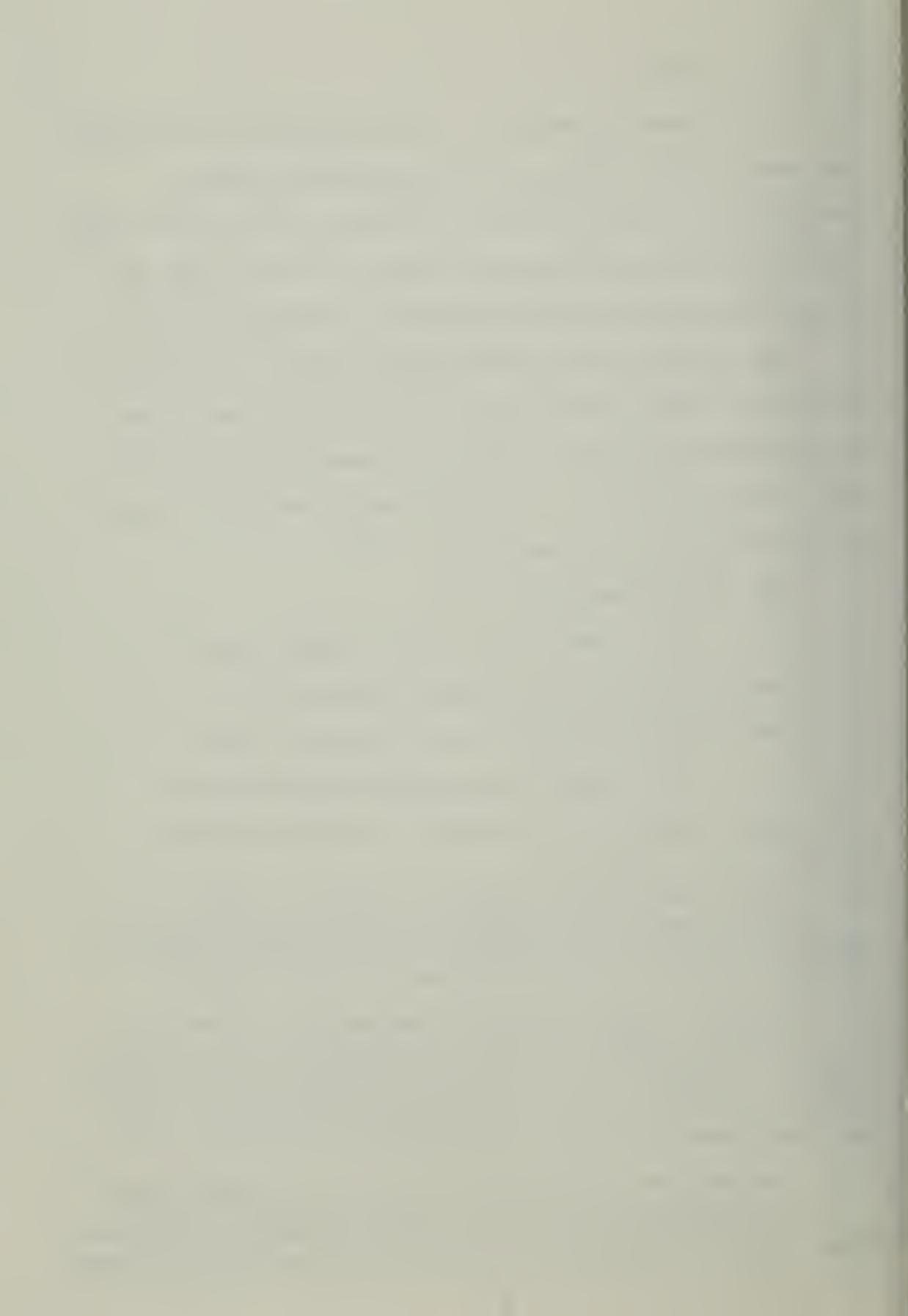
"A. Well, I just took for granted that he had the right to sell the books and which in turn should give me the right to sell them to the public.

"Q. I see. Even though his name doesn't appear anywhere on the books or any other publisher's

3/ Judge Hall wrote two opinions: the first is reported in 224 F. Supp. 595, 140 USPQ 111 (S. D. Calif. 1963), attached as Appendix A; the second is reported in 224 F. Supp. 595, 146 USPQ 152 (S. D. Calif. 1965), attached as Appendix B.

4/ "Fake" book has no sinister connotation in the music business. When a musician is requested to play a number he plays the melody from memory and fakes in the harmony (2 Tr. 110-111). A "fake" book is a collection of melodies used to supplement the musician's memory. There are several legally authorized "fake" books on the market (2 Tr. 33, 39, 45-47).

5/ Mel Alan was subsequently indicted and convicted of wilfull infringement under Sec. 104 of the Copyright Act and his probationary sentence revoked (2 Tr. 22-23) -- perhaps as a result of Mr. Bleeker's complete cooperation with the plaintiff in this case.



name or distributor's name?

"A. Yes, sir. I felt he had the right to sell them to me."

Mr. Bleeker paid \$5.90 for Pltfs. Ex. 1 (2 Tr. 114, lines 19-21; Pltfs. Ex. 14).

He then displayed it in a public showcase (2 Tr. 79-80, 115-116).

Mr. John Duvall, defendant's salesman, sold Pltfs. Ex. 1 to Mr. Tempesta on June 13, 1962 for \$25 plus \$1 tax (2 Tr. 115, Pltfs. Ex. 2).

Paragraphs 3 (i) - (k) of the Pre-trial Conference Order state Mr. Tempesta's relationship to the plaintiff (1 Tr. 118-119 6/):

"(i) During the year 1962 said T. Tempesta was regularly employed as an investigator by the Music Publishers Protective Association, Inc., a non-profit organization whose membership consists of numerous music publishers including Shapiro, Bernstein & Co., Inc.,

"(j) Said Tempesta's duties included discovering sellers of certain illegal and infringing song books known in the trade as 'Fake Books' containing

6/ Reference is to Volume 1 of the Transcript of Record, the Clerk's Transcript. Defendant has adopted the designations used by plaintiff.

the copyrighted musical compositions of members of the Music Publishers Protective Association, which books are printed, published and sold without the consent or permission of the copyright proprietors.

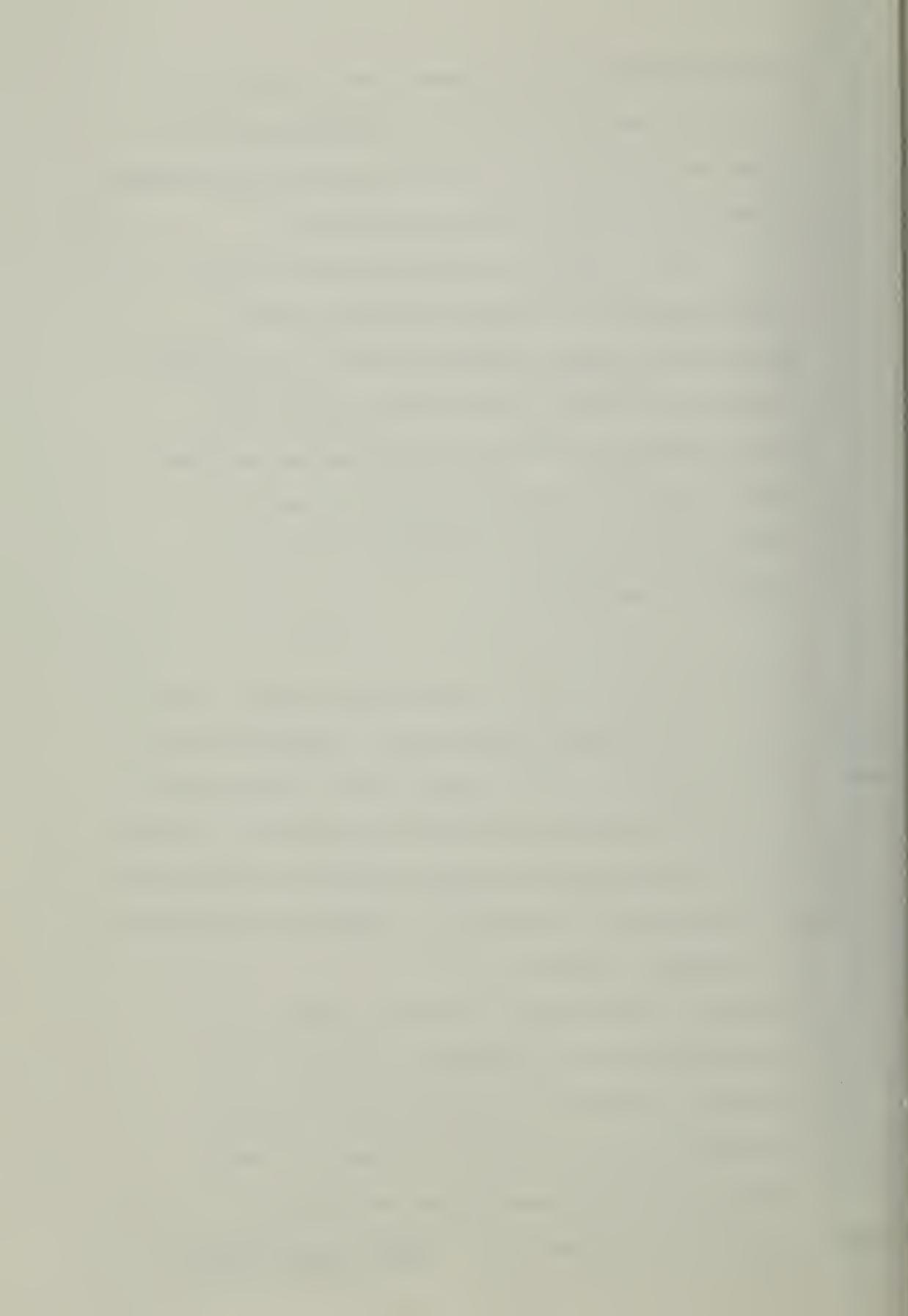
"(k) On June 13, 1962, in the course of his employment, said Tempesta entered Reed's Music Store at 4636 S. Vermont Avenue, Los Angeles, California, for the purpose of discovering whether such establishment sold or was offering for sale song books containing unauthorized copies of musical compositions of the Music Publisher's Protective Association members."

Plaintiff did not call Mr. Tempesta as a witness. The Court found in his own handwriting that Mr. Tempesta was an agent of the plaintiff (1 Tr. 229). Even if the Pre-Trial Conference Order was not technically an admission of agency, the Court was justified in drawing the inference, especially in view of plaintiff's failure to call Mr. Tempesta. Cf. 5 Moore's Federal Practice, Para. 52.06(1), p. 2661:

"Findings of the trial court 'are to be construed liberally in support of a judgment or order. . . .'

Whenever, from the facts found, other facts may be inferred which will support the judgment, such inferences will be deemed to have been drawn."

These inferences are findings of fact. Weyl - Zuckerman v.



Commissioner, 232 F. 2d 214 (9th Cir. 1956) ["We are of the opinion that the so-called inferences drawn from other facts were still findings of fact within the meaning of Rule 52(a)."].

Plaintiffs often cite Paragraph 5(d) of the Pre-Trial Conference Order (1 Tr. 120) to the effect that the act of defendant in selling the book was without "the previous solicitation, procurement, knowledge" etc. of plaintiff. See, e.g., page 5 of plaintiff's brief. In view of the preceding Paragraphs 3 (i) - (k), however, the only logical conclusion is that "previous" meant prior to the day of sale, thereby making it clear that the plaintiff had not requested defendant to special order the book. In this connection, plaintiff drafted Paragraph 5(d) under the requirement of Local Rule 9(j) and it should be strictly construed against them. Rohr Aircraft v. Rubber Teck, 163 F. Supp. 787, 789, 118 USPQ 8, 9 (S. D. Calif. 1957), aff'd. 266 F. 2d 613, 121 USPQ 241 (9th Cir. 1959); Kresge v. Davies, 112 F. 2d 708, 710-711, 46 USPQ 116, 118 (8th Cir. 1940).

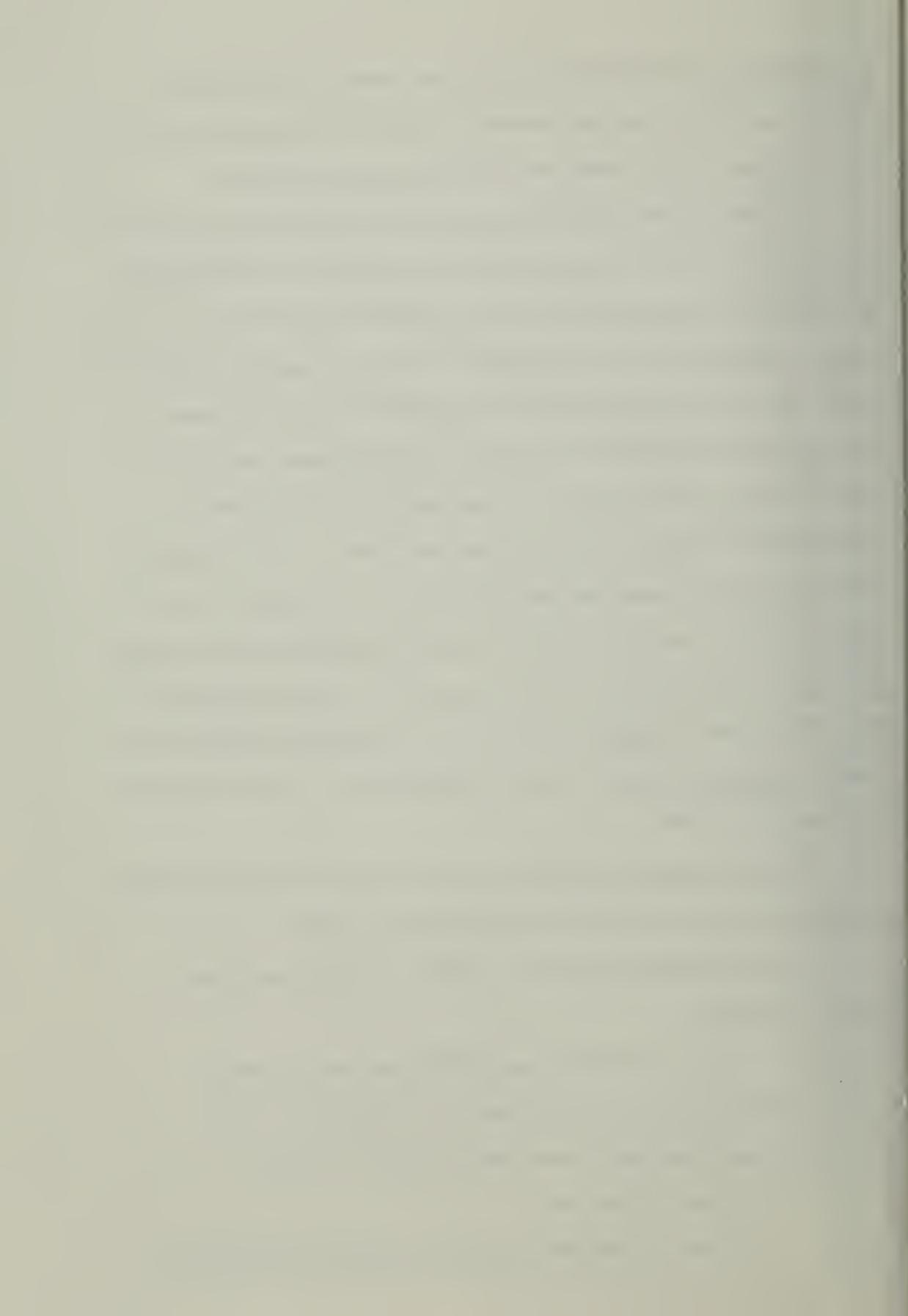
The strikingly inequitable part of this case is that defendant was an innocent and totally blameless infringer.

On the witness stand Mr. Bleeker testified as follows (2 Tr. 119-122):

"Q. Did the plaintiffs give you any notice that you were infringing on their copyright prior to the time that they served the complaint on you?

"A. No, sir.

"Q. Did the plaintiffs or anyone else advise



you to be on the lookout for copyright infringements?

"A. No, sir.

"Q. Or for fake books?

"A. No, sir.

"Q. Did you know that fake books are copy-right infringements?

"A. No, sir.

"Q. Did you know that the plaintiffs or anyone else had any rights in Exhibit 1 at the time you purchased that book from Mr. Mel Alan?

"A. No, sir.

"Q. Did you know that the purchase and sale of Exhibit 1 or any other of the other books that you purchased from Mel Alan would infringe on any rights of the plaintiffs or any other persons at the time you bought them?

"A. No, sir.

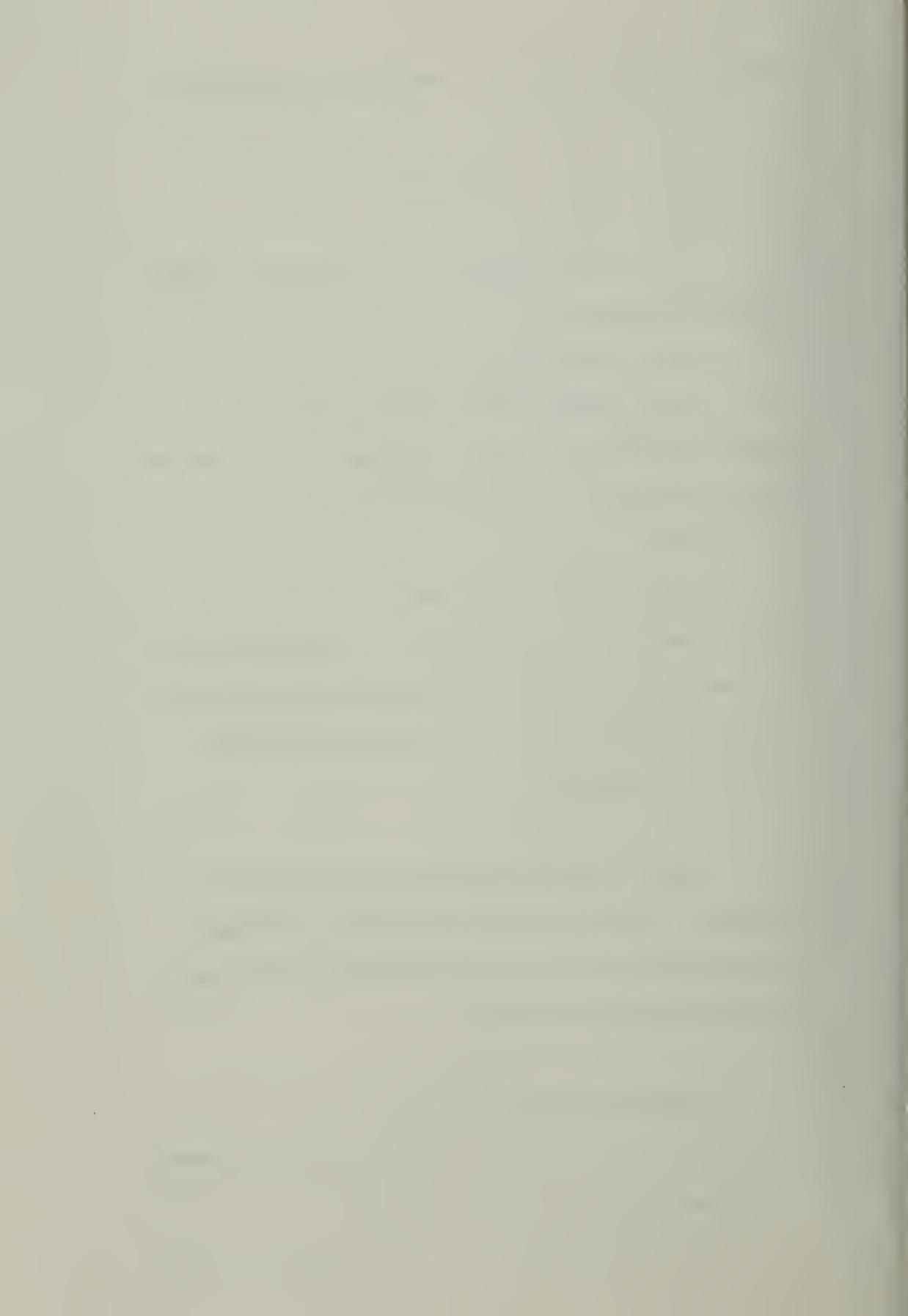
"Q. Did you know that the publishers of Exhibit 1 or any of the other books that you bought from Mel Alan were infringing any rights of the plaintiffs or any other persons?

* * *

"THE WITNESS: No, sir.

"Q. BY MR. HORNBAKER: Did you intend to infringe on the plaintiff's copyright?

"A. No, sir.



* * *

"Q. BY MR. HORNBAKER: Did you copy any of the songs that were in the books that you purchased from Mr. Mel Alan including Exhibit 1?

"No, sir.

* * *

"Q. BY MR. HORNBAKER: Did you make the reproduction of the songs that appeared in the books that you bought from Mr. Mel Alan?

"A. No, sir.

"Q. Since the complaint was served on you, have you sold any fake books?

"A. No, sir.

"Q. Do you intend to?

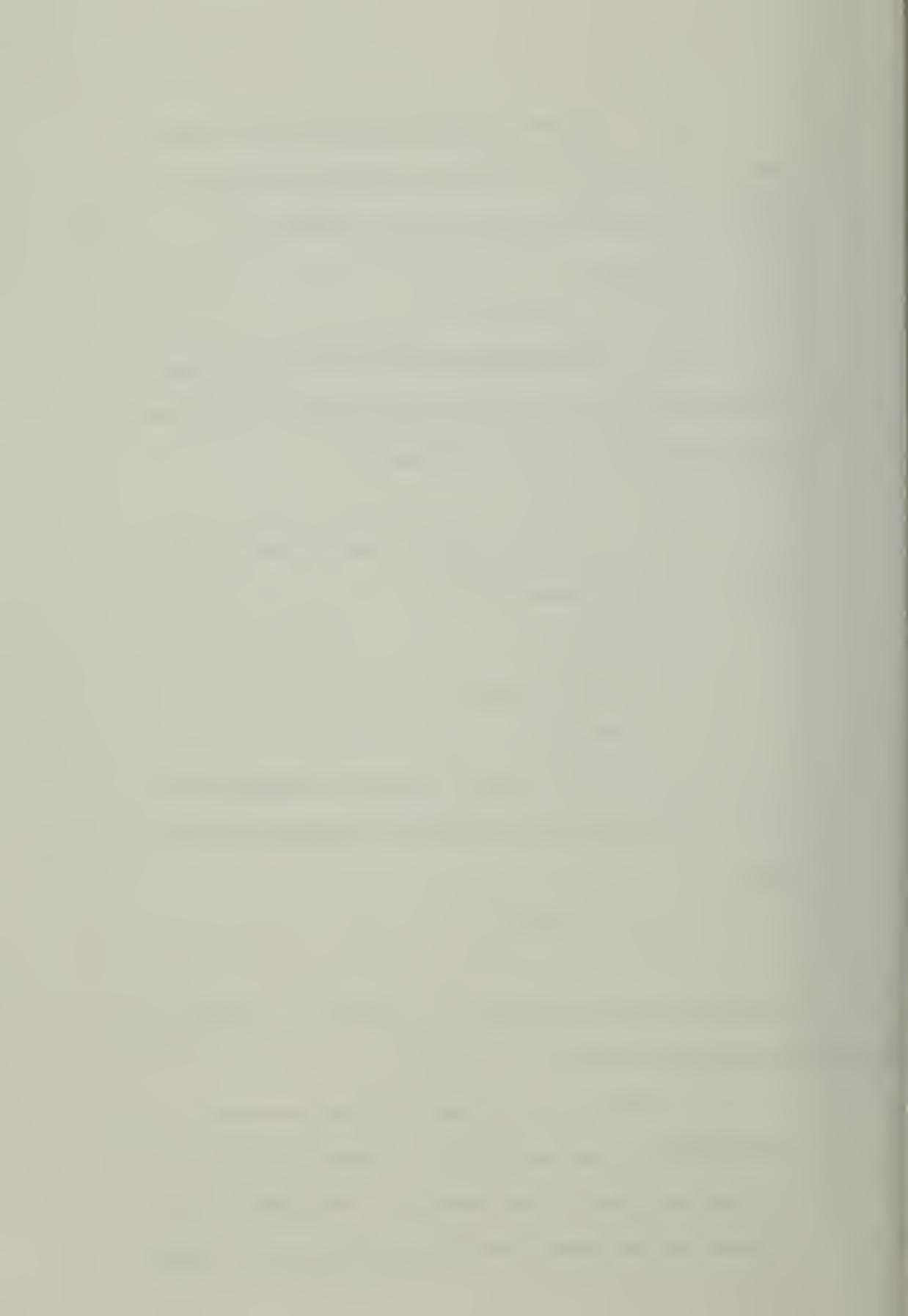
"A. No, sir.

"Q. At the time Mr. Duvall sold Exhibit No. 1, did you know Mr. Mel Alan had been convicted of anything?

"A. No, sir."

After hearing this testimony and judging the credibility of the witness the Court found that (Tr. 230):

"18. Prior to the service of the summons and complaint in this action, the defendant did not know that the songs in the Book were copyrights, did not know that the plaintiff or anyone else had any rights



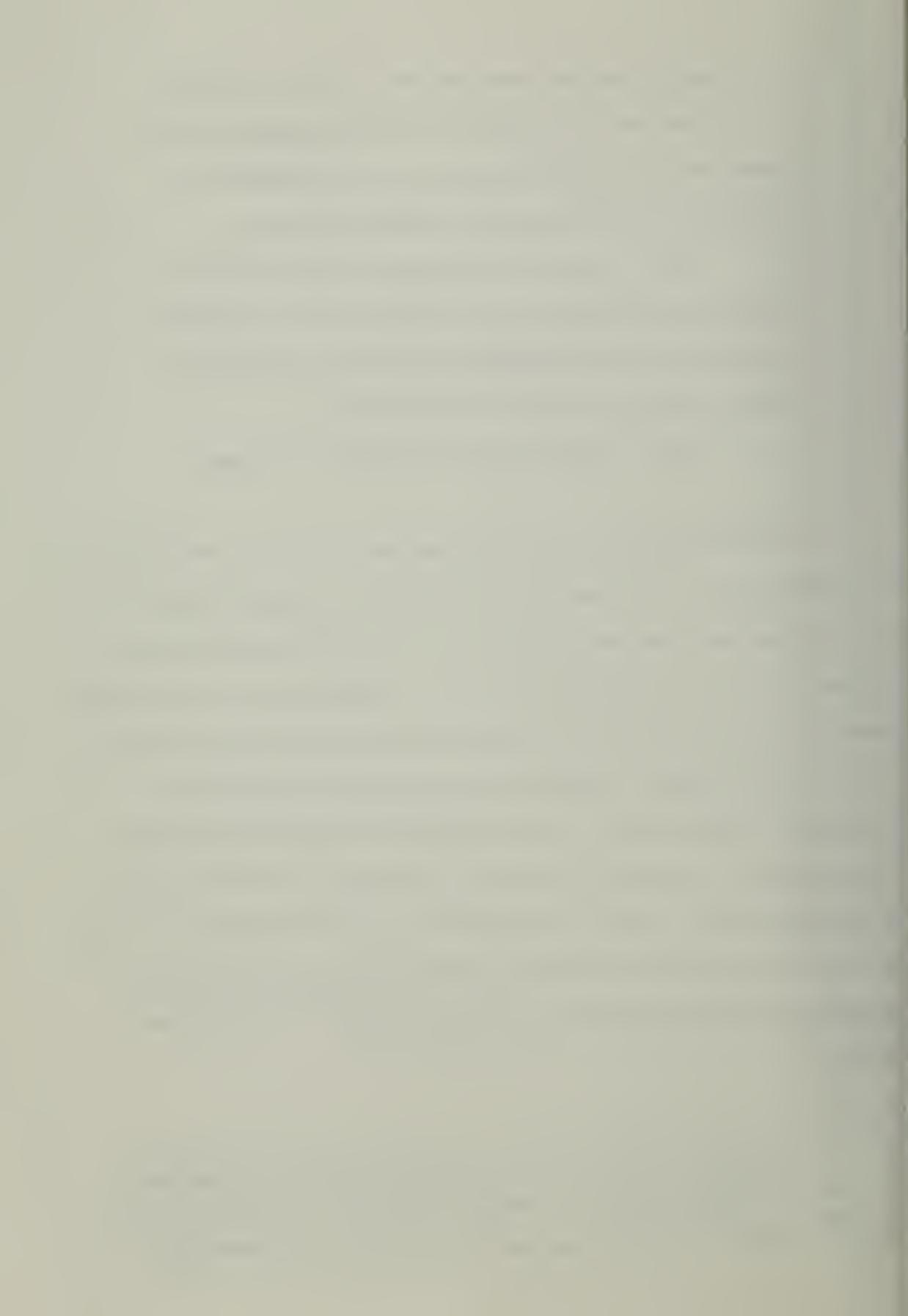
in the songs, did not know that the purchase and sale of the Book would infringe any rights of plaintiff or any other person, and did not know that the publishers of the Book were infringing any rights of plaintiff.

"19. The acts of defendant in selling, distributing and vending the Book were committed without knowledge of the rights and copyrights of plaintiff in and to each of the musical compositions.

"20. Defendant did not intend to infringe."

Plaintiff offered no evidence that any of the four books other than Pltfs. Ex. 1 contained any of Plaintiff's copyrighted songs. 7/ Mr. Bleeker still has one of the four (2 Tr. 97, 114), which he has offered to be impounded (Opinion, fn. 1, Appendix B). Yet, plaintiff takes the liberty of referring to damages and profits from the sales of these other books, a matter outside the issues framed by the pleadings. For example, on pages 23-24 of their brief they refer, in the plural, to "sales of the books by defendant" and "defendant's infringing sales". Then, on page 29 they say: "The Court's finding is erroneous primarily because it ignores the profit made by defendant on the sale of the other infringing books." (underlining added.)

7/ The pages of Pltfs. Ex. 1 can be removed, but the other three books may have been in different types of bindings (2 Tr. 98). Plaintiff states, on Page 4 of its brief, that "each copy contained reproductions of... each of plaintiff's twelve songs (1 Tr. 116-117, 227)", but the citations do not support the statement.



This much should be clear: Paragraphs 9, 25, 41, 57, 73, 90, 106, 122, 138, 154, 170 and 186 of the complaint only charge infringement by the sale of one book, Pltfs. Ex. 1, on June 13, 1962 (Tr. 2-29). Defendant did not expressly or impliedly consent to a trial on the issue of infringement by the sale of any other book. Rather, defendant objected often to such evidence (2 Tr. 18, 19, 24, 27, 34, 35, 107). Plaintiff did not move to amend the pleadings under Rule 15(b) of the Rules of Civil Procedure and the Court tried the case as limited to the one sale on June 13, 1962 (2 Tr. 14, 21, 24, 131). The Court said, during argument at the end of the case (2 Tr. 131):

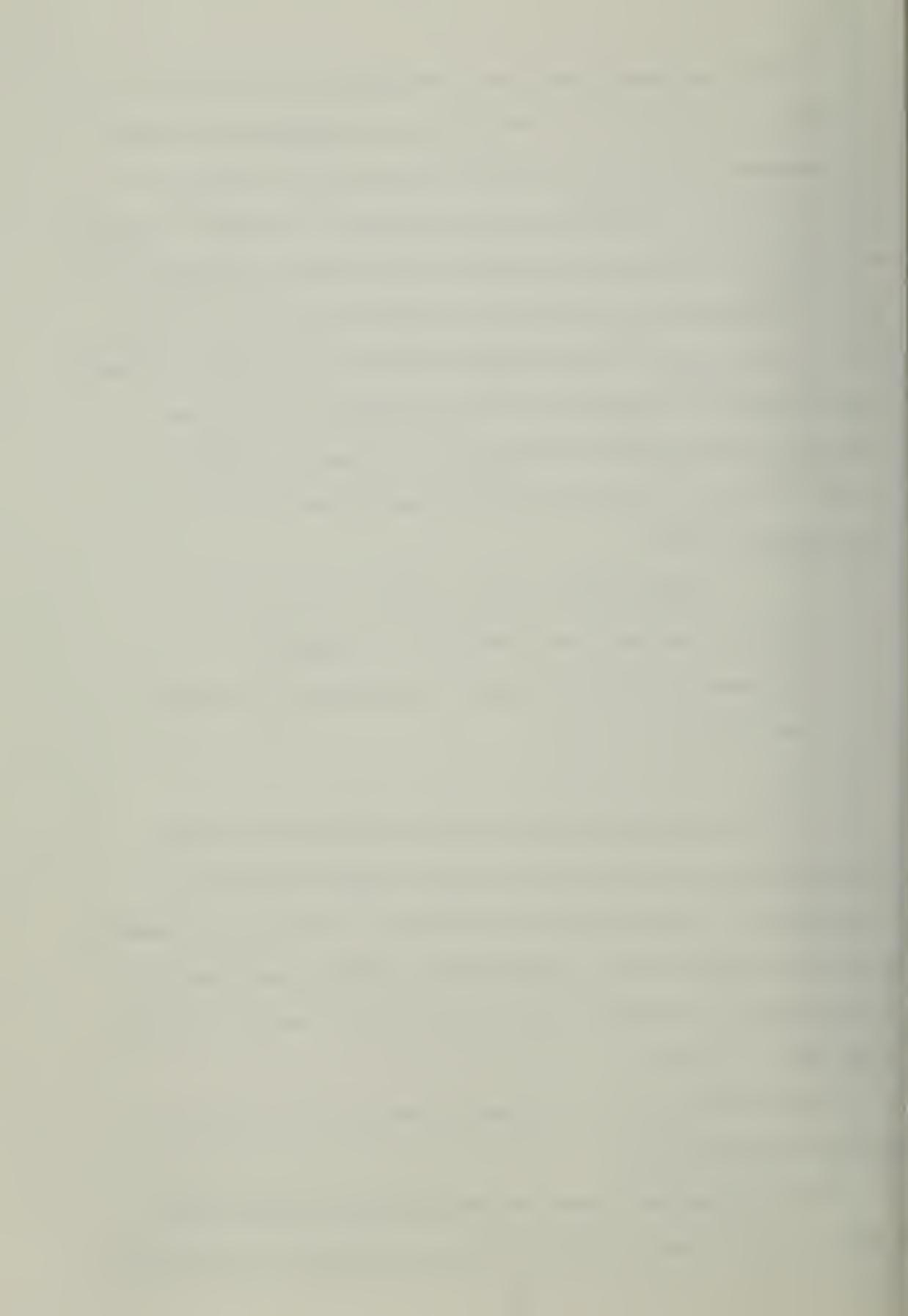
"THE COURT: All you have is one sale here.

All the other sales were admitted to counter the defendant's contention that they had no intent to violate the statute."

After the sale on June 13, 1962, plaintiff did not notify defendant that it had infringed. Perhaps plaintiff's agents were unsuccessfully trying to purchase another fake book from defendant. Regardless of the reason, plaintiff waited nine months, then still without notice, filed this suit demanding \$250 for each of 12 songs or \$3,000 (2 Tr. 119).

Plaintiff owned 55 copyrights (2 Tr. 14-16). They could have demanded \$13,750.

More important, since the book contained 1,000 songs, under plaintiff's theory, defendant's total liability was a quarter of



a million dollars (\$250, 000. 00).

On February 28, 1964, plaintiff took Mr. Bleeker's deposition. He produced unchallenged documentary evidence of the cost of Pltfs. Ex. 1 (Pltfs. Ex. 14). Since plaintiff knew that defendant sold Pltfs. Ex. 1 to their own agent for \$25, plus \$1 tax, they knew the amount of defendant's profit and that their damage was not substantial. Yet, they pushed for trial, continuing to demand \$3, 000.

The District Court found (1 Tr. 230-231):

"22. . . . on February 28, 1964, plaintiff took the deposition of Mr. Bleeker, who produced documentary evidence showing that the profit on the Book was \$19. 10.

* * *

"24. The Court finds that, after February 28, 1964, plaintiff's prosecution of this case on the theory that defendant's profits were not provable with certainty was not in good faith and was without any reasonable belief in the merits thereof. Plaintiff knew or should have known that the argument lacked merit.

"25. Plaintiff attempted to offer evidence of damage by sales of 'fake' books to the public by others than defendant. The Court sustained objections to this evidence and plaintiff made no persuasive argument nor cited any authority for the admissibility thereof.

"26. The Court finds that the prosecution of



this action on the theory that plaintiff had been actually and 'substantially' damaged in an uncertain amount by the one sale to plaintiff's agent was not in good faith and was without any reasonable belief in the merits thereof. Plaintiff knew or should have known that the argument lacked merit.

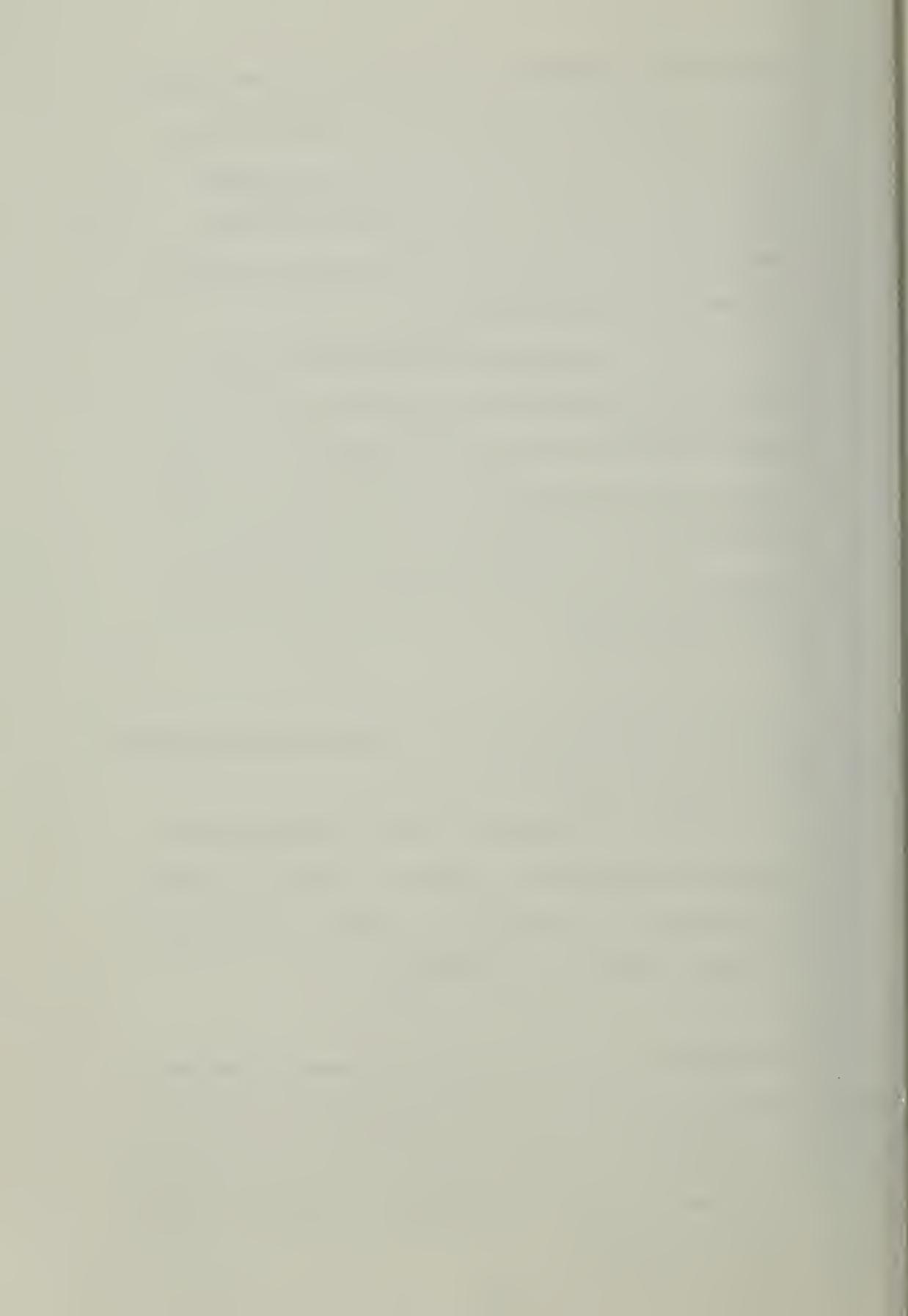
"27. In view of Findings 24 and 26, the Court further finds that plaintiff's prosecution of this suit on the theory that statutory damages were mandatory was not in good faith and was without any reasonable belief in the merits thereof. Plaintiff knew or should have known that the argument lacked merit."

(underlining added.)

Defendant made every effort to avoid this costly litigation. The Court found that (1 Tr. 230):

"21. On October 29, 1964, defendant offered a judgment in the amount of \$50.00, which was rejected by plaintiff. The case thereafter went to trial in November, 1964, on the issue of damages."

Since plaintiff was not entitled to this amount, defendant became the prevailing party under Local Rule 15(c). The Court exercised its discretion to award defendant its attorney fees as a part of costs under 17 U. S. C. 116 (Opinion, Appendix B). Said the Court (1 Tr. 231-232):



"29. The Court finds defendant's reasonable attorneys' fees to be \$1,500.00 for the period after October 29, 1964. This is based on:

"(a) The preparation for trial, including research and preparation of a Pre-Trial Memorandum;

"(b) Trial time;

"(c) Research and preparation of an extensive Post Trial Memorandum;

"(d) Research and preparation of a Reply to Plaintiff's Opening Brief After Trial;

"(e) The skill employed in the foregoing;

"(f) The amount of defendant's possible total liability based on plaintiff's theories, which could have amounted to \$250,000.00; and

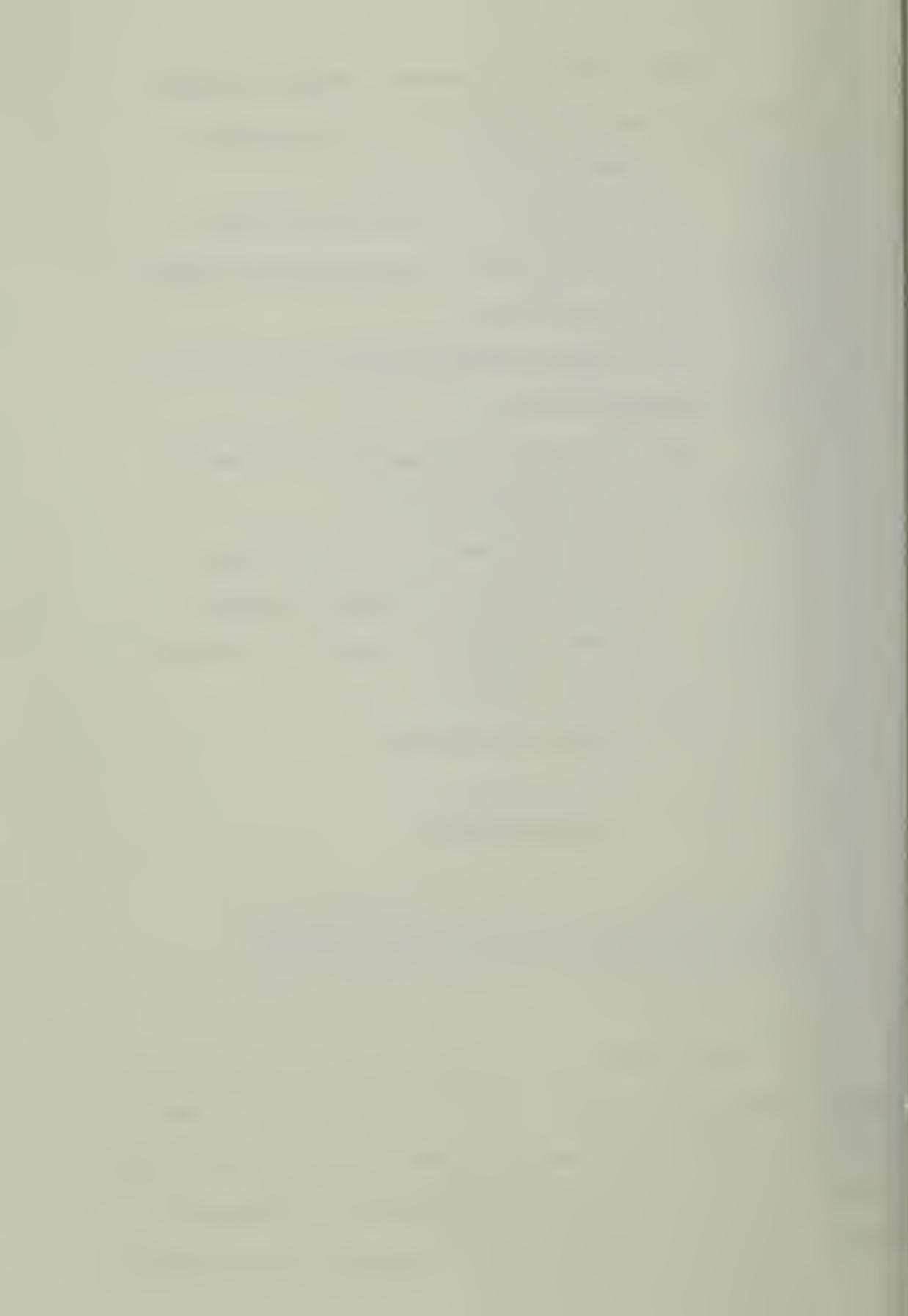
"(g) The result achieved."

ARGUMENT

I

THE AWARD OF STATUTORY DAMAGES IN LIEU OF ACTUAL DAMAGES AND PROFITS IS DISCRETIONARY WITH THE TRIAL COURT.

The law was clearly and repeatedly stated in Woolworth v. Contemporary Arts, 344 U.S. 228, 95 USPQ 396 (1952). There, the defendant Woolworth bought 127 dozen infringing cocker spaniel statuettes and distributed them through thirty-four Woolworth stores. Woolworth's profits of \$899.16 were sufficiently proved to



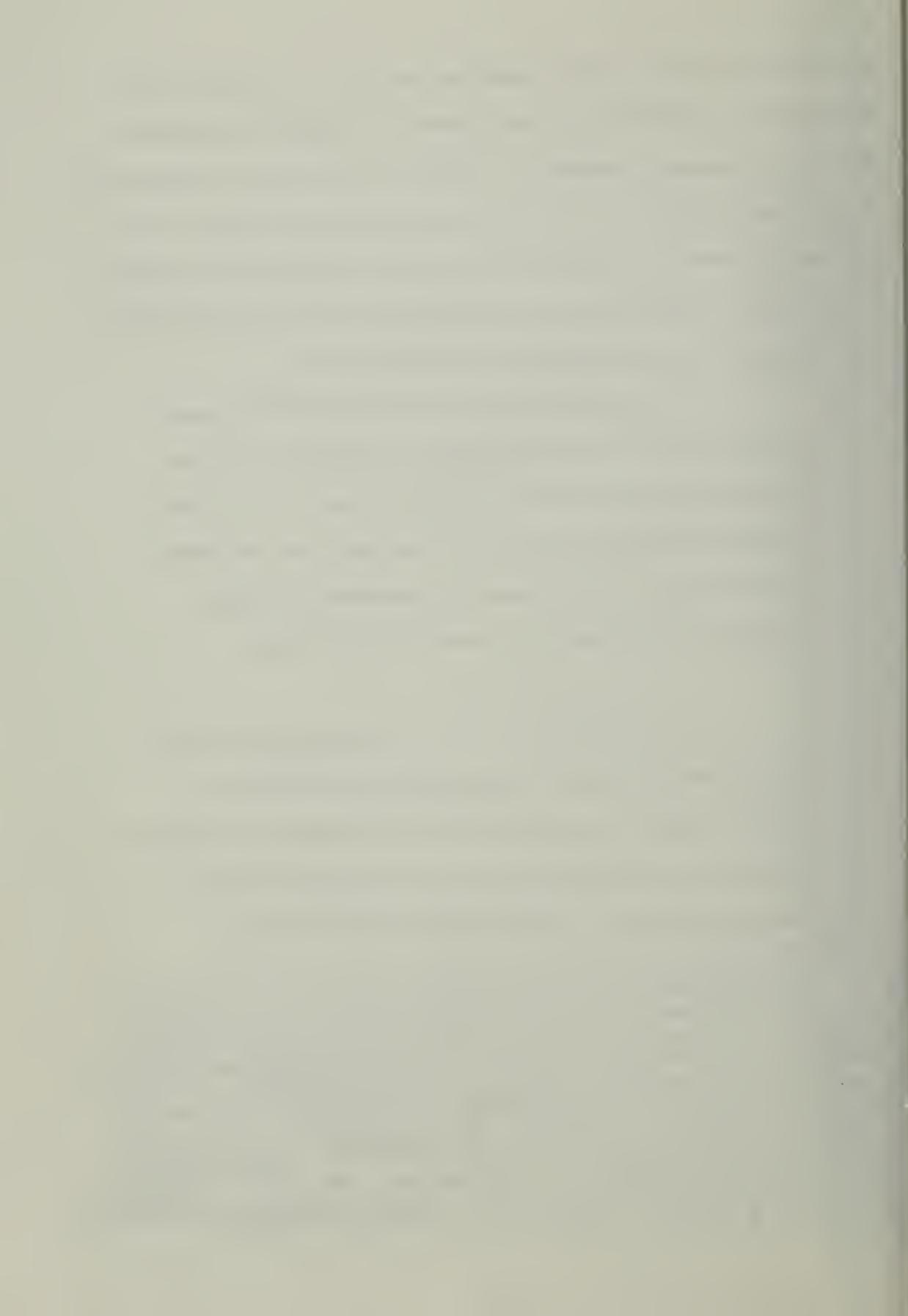
enable assessment of that element of liability. The record was inadequate to establish an actually sustained amount of damage to plaintiff but enough appeared to indicate that "real and substantial" injury was inflicted. ^{8/} The Court awarded the copyright owner \$5,000 as statutory damages in lieu of actual damages and profits. In affirming, the Supreme Court repeatedly emphasized that statutory damages were discretionary. Said the Court:

"... the statute has been interpreted to vest in the trial court broad discretion to determine whether it is more just to allow a recovery based on calculation of actual damages and profits, as found from evidence, or one based on a necessarily somewhat arbitrary estimate within the limits permitted by the Act.

* * *

"... It is plain that the court's choice between a computed measure of damage and that imputed by statute cannot be controlled by the infringer's admission of his profits which might be greatly exceeded by the damage inflicted. Indeed sales at a small margin

8/ Damages and profits are distinct items of recovery and are awarded upon quite different legal principles. Damages may include profits which the plaintiff would have made upon additional sales of its copyrighted book, had not the infringing book been competing in the market. Sammons v. Colonial Press, 126 F.2d 341, 53 USPQ 71, 74 (1st Cir. 1942). But damages do not include defendant's profits. Cf. Nimmer on Copyright, Sec. 150, p. 666. Both profits and damages may not be recovered. Howell's Copyright Law (Revised Edition) by Alan Latman, pp. 169-170; Nimmer on Copyright, Sec. 151, pp. 667-669; Universal Pictures v. Harold Lloyd, 162 F.2d 354, 73 USPQ 317, 334 (9th Cir. 1947).

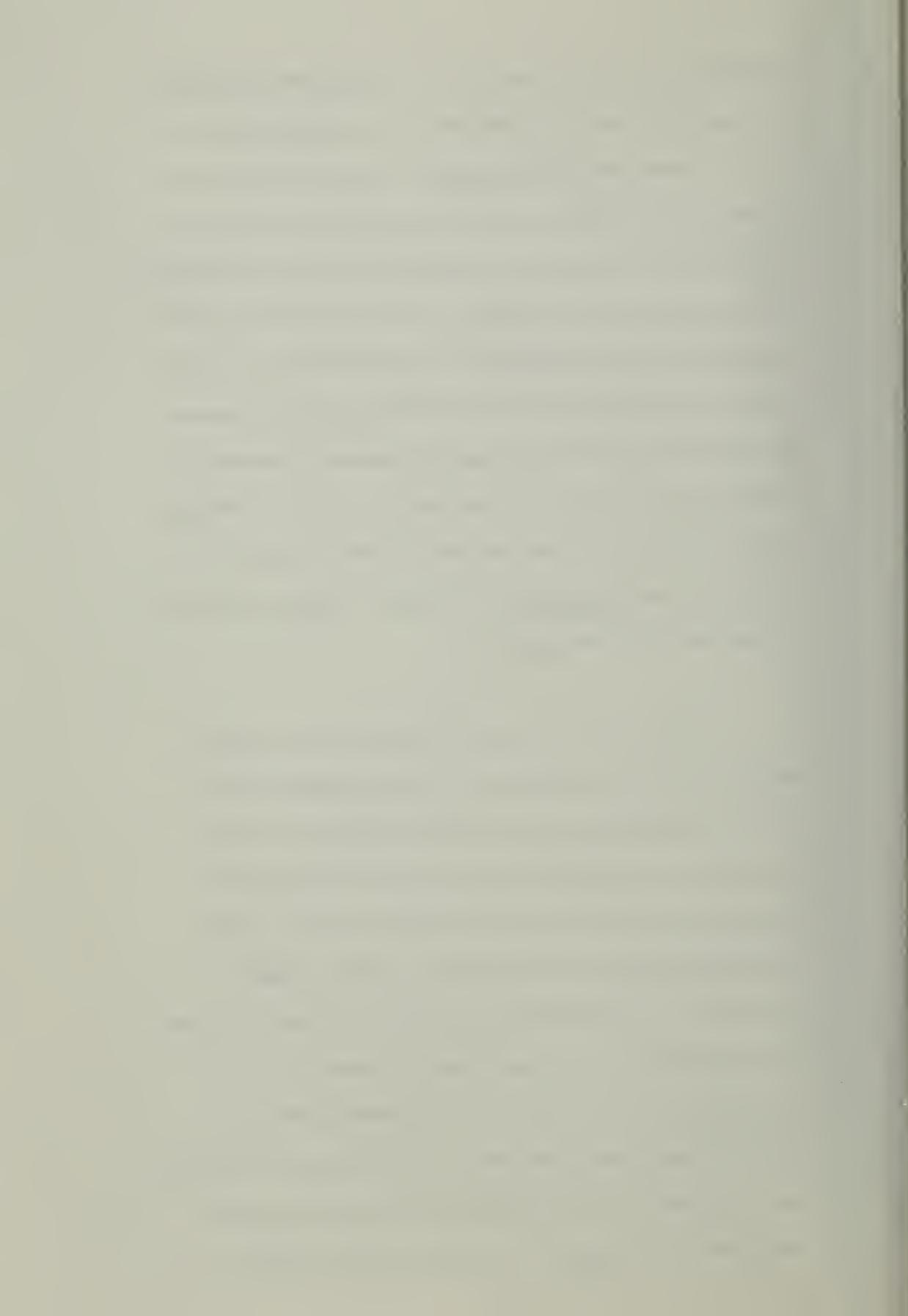


might cause more damage to the copyright proprietor than sales of the infringer article at a higher price.

"Whether discretionary resort to estimation of statutory damages is just should be determined by taking into account both components and the difficulties in the way of proof of either. In this case the profits realized were established by uncontradicted evidence, but the court was within the bounds of its discretion in concluding that the amount of damages suffered was not computable from the testimony. Lack of adequate proof on either element would warrant resort to the statute in the discretion of the court, subject always to the statutory limitations.

* * *

"Moreover, a rule of liability which merely takes away the profits from an infringement would offer little discouragement to infringers. It would fall short of an effective sanction for enforcement of the copyright policy. The statutory rule, formulated after long experience, not merely compels restitution of profit and reparation for injury but also is designed to discourage wrongful conduct. The discretion of the court is wide enough to permit a resort to statutory damage for such purposes. Even for uninjurious and unprofitable invasions of copyright the court may, if it deems it just, impose a



liability within statutory limits to sanction and vindicate the statutory policy."

* * *

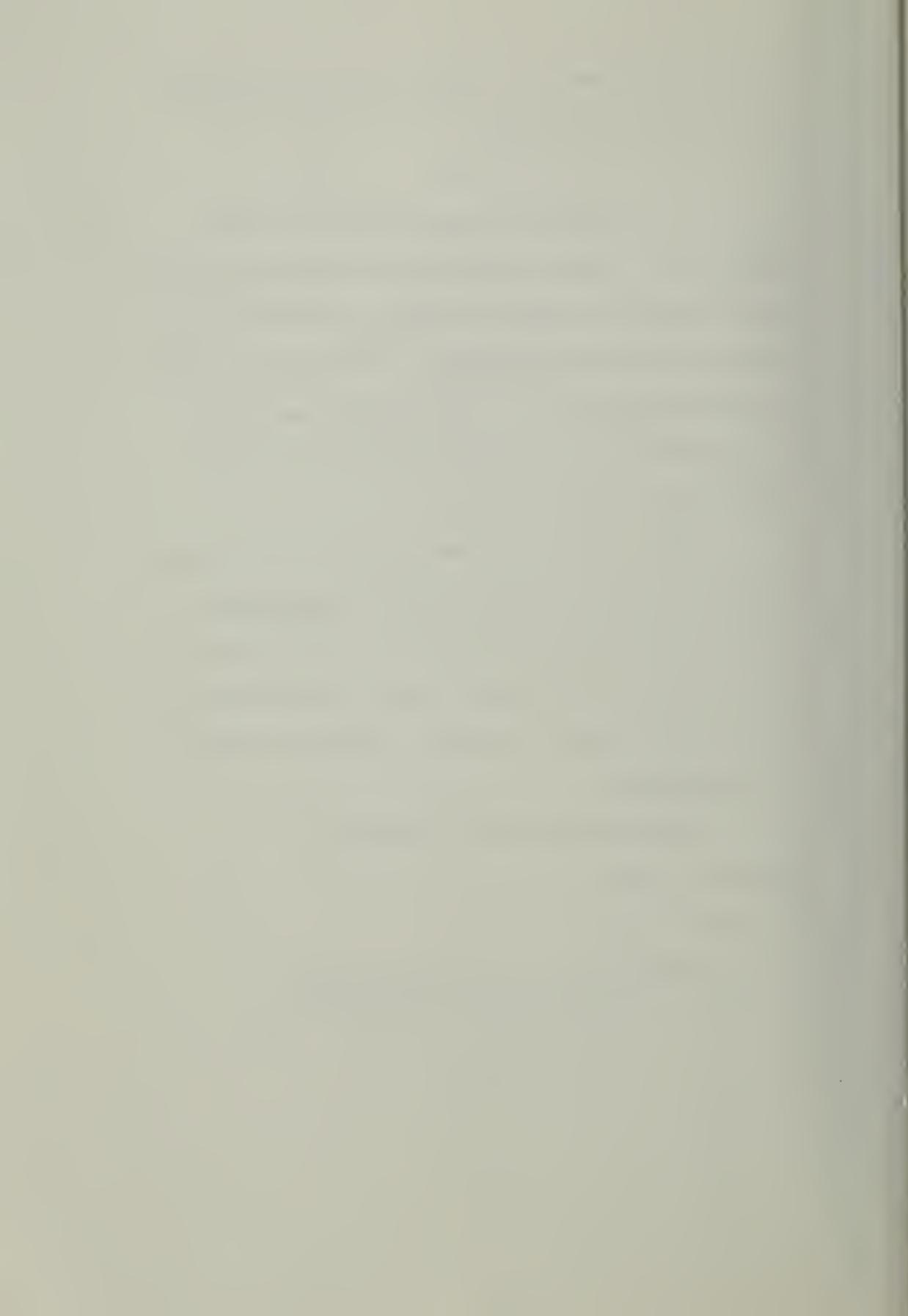
"... Nor does anything in Jewell-LaSalle Realty Co. v. Buck, 283 U.S. 202 (9 USPQ 22), in the light of its facts, support petitioner. It holds use of the 'in lieu' clause permissible, 'there being no proof of actual damages,' but it does not hold that partial or unacceptable proof on that subject will preclude resort to the 'in lieu' clause.

"We think that the statute empowers the trial court in its sound exercise of judicial discretion to determine whether on all the facts a recovery upon proven profits and damages or one estimated within the statutory limits is more just. We find no abuse of that discretion.

"The judgment below is affirmed."
(emphasis added.)

Accord:

Universal Pictures v. Harold Lloyd,
162 F.2d 354, 73 USPQ 317, 336
(9th Cir. 1947).

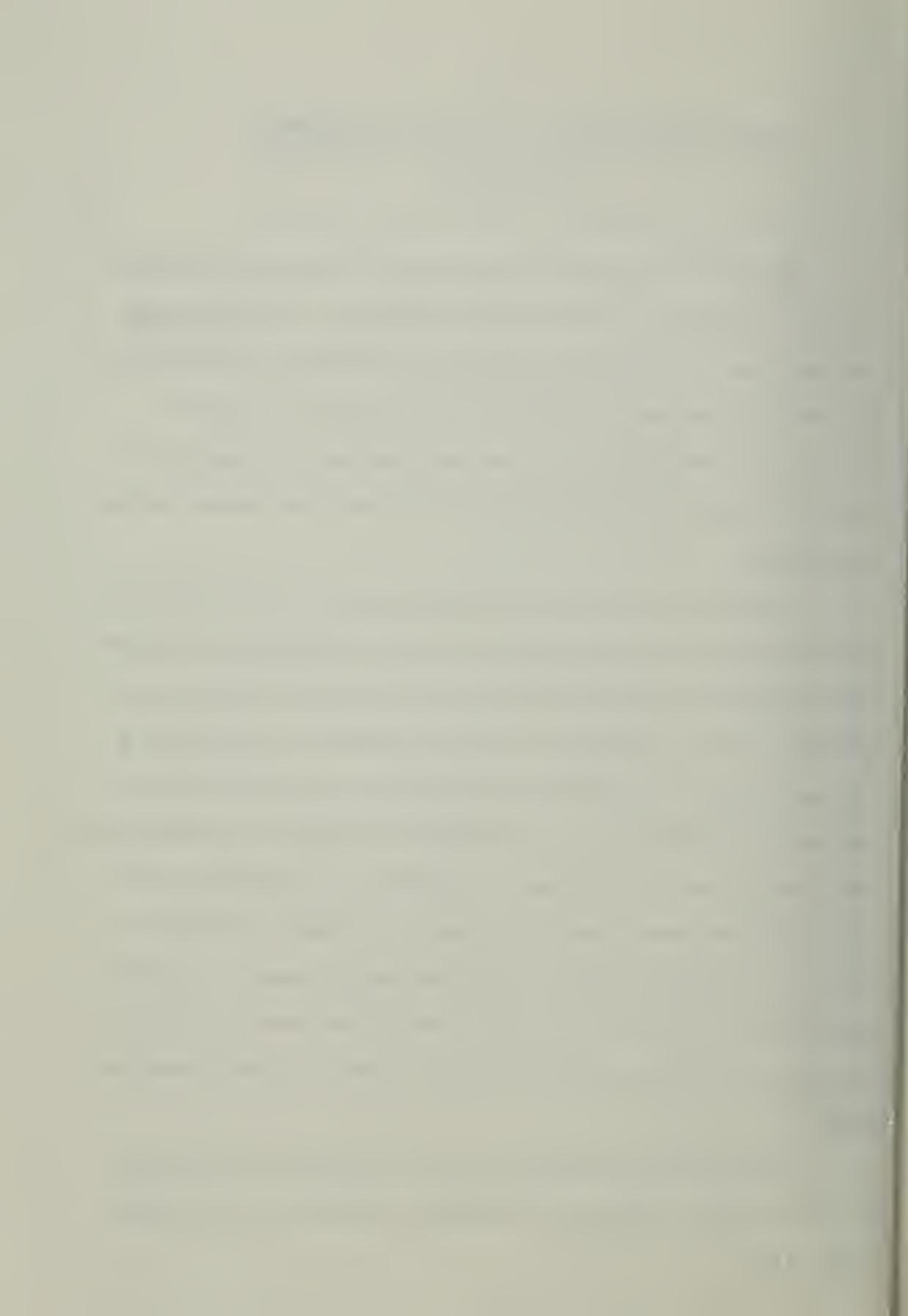


THE COURT DID NOT ABUSE ITS DISCRETION IN REFUSING TO AWARD STATUTORY DAMAGES.

The only issue here is whether Judge Hall abused his discretion in refusing to award statutory damages. The Woolworth case says that "all the facts" should be considered, especially the damages and profits and the difficulties in the way of proof of either. Also, the Woolworth case says that the court should consider the necessity of deterring the defendant from further infringing activity.

In this case, how was plaintiff damaged? Would plaintiff's own investigator have purchased \$600 worth of sheet music (1,000 copies at 60¢ per copy) if he had not purchased the \$25 book from defendant? If so, plaintiff could have called Mr. Tempesta as a witness. In fact, his purchase of the book prevented its sale to a member of the general public who may have later bought plaintiff's sheet music. So, the purchase, if anything, increased plaintiff's sales. Furthermore, plaintiff did not prove that it was selling any of the copyrighted songs in the Los Angeles area or anywhere else on June 13, 1962. Therefore, even if the book had been sold to a member of the general public, there was no proof of diverted sales.

Plaintiff relied wholly for proof of damages upon the oral testimony of Mr. Hoagland, its longtime employee. He testified (2 Tr. 18):



"Q. As to the particular book before you, Plaintiff's Exhibit 1, do you know what has been the effect upon the plaintiff of the sale of that book?

"A. On the specific book, no."

Later, the contradicted himself (2 Tr. 34-35):

"THE COURT: Is there any damage to the plaintiff from the sale of this particular book?

"THE WITNESS: Yes, your Honor.

"THE COURT: All right."

Plaintiff cites Hoagland's conclusions and opinions as though the Court believed him. But the Court was concerned about the lack of available corroborating documentary evidence (2 Tr. 37-38):

"THE COURT: All right. Now, do you keep a record of the sales of each of these copyrighted songs? You have to in order to be, or do you still pay a royalty on each of these songs here?

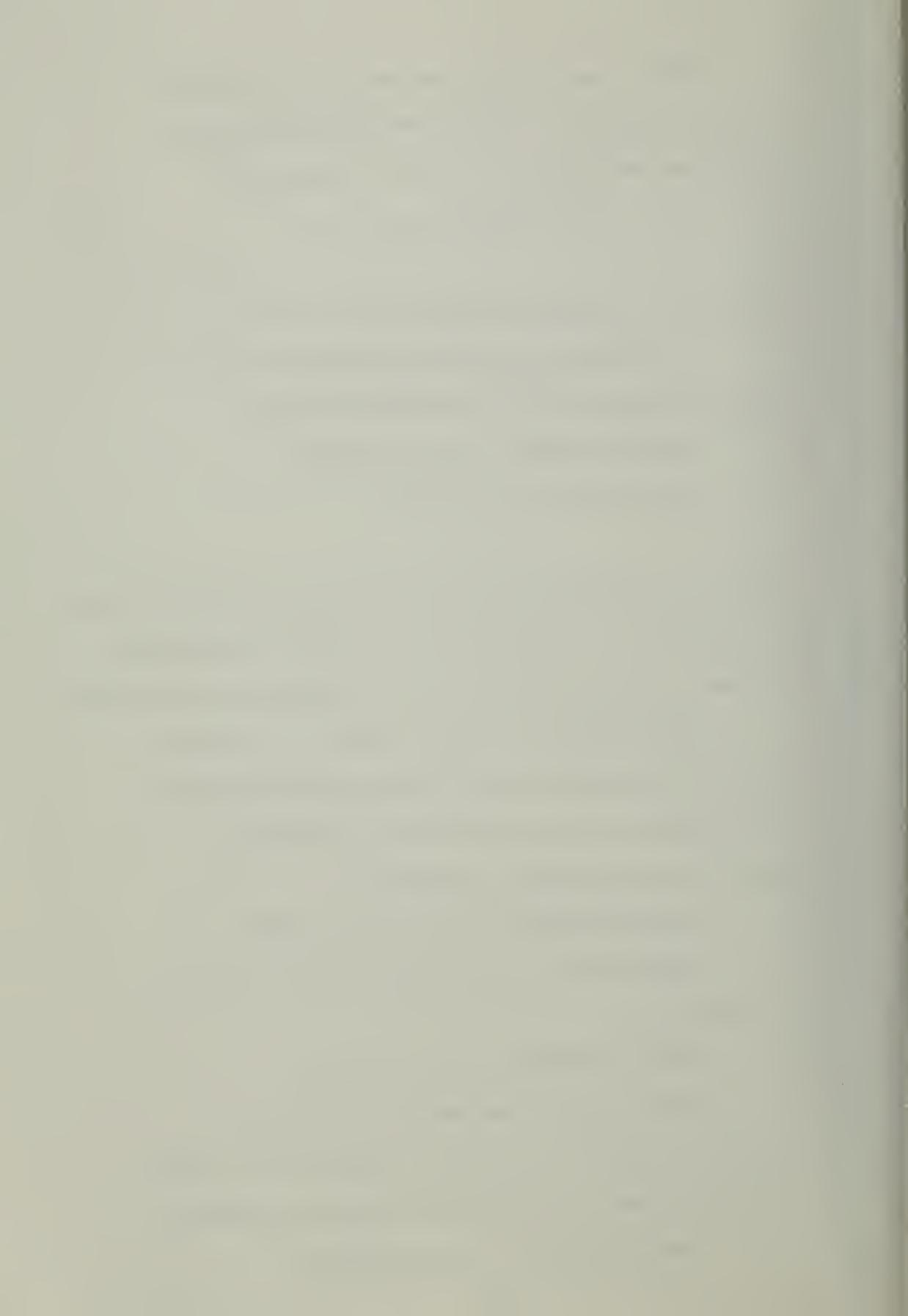
"THE WITNESS: Yes, sir, your Honor.

"THE COURT: So you keep a record of each of these sales?

"THE WITNESS: Yes, your Honor.

"THE COURT: Can you tell us how many copies of 'Lights Out' were sold within one year prior to June the 13th, 1962 and in the city of Los Angeles?

"THE WITNESS: No, your Honor.



"THE COURT: Can you tell me that as to any other one of these songs that are listed here?

"THE WITNESS: At the present time, no, your Honor.

"THE COURT: All right. Can you tell me how many sales you have made of those copies since June 13, 1962 up to this date?

"THE WITNESS: Total for the country, your Honor, or Los Angeles?

"THE COURT: No, no, Los Angeles.

"THE WITNESS: No, your Honor.

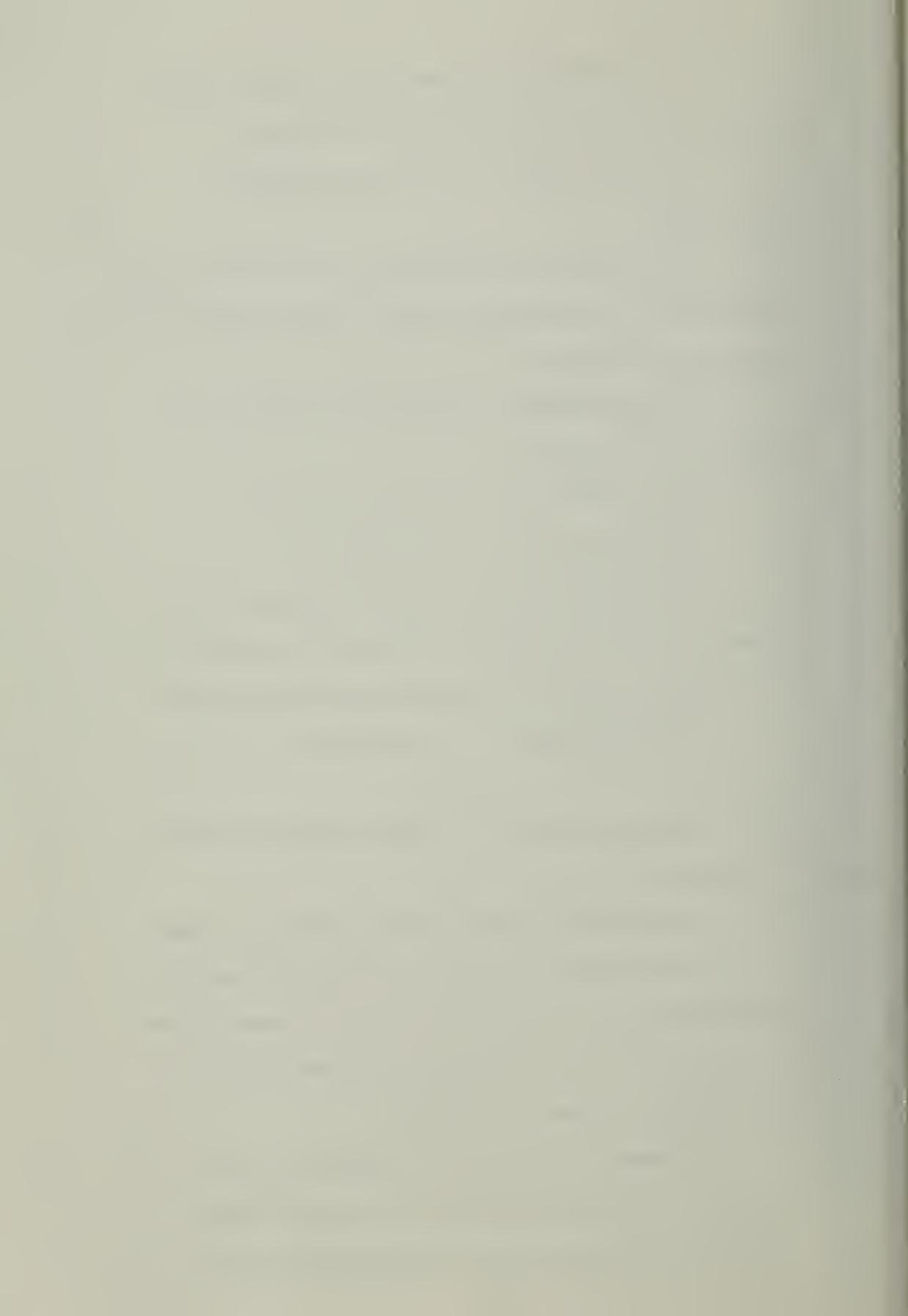
"THE COURT: So you have no comparison, although you have the facts and figures, the record in your office. You do not have that available here?

"THE WITNESS: No, your Honor."

Then, during argument at the end of the trial the Court said (2 Tr. 129-130):

"THE COURT: Well, what struck me, counsel, in the evidence in the case is the fact that the plaintiff did not attempt in this case to find out how many sales they had lost in the Los Angeles area where the defendant music stores are located.

"I asked the witness, the employee of the plaintiff, if he had any record of the sales of these copyrighted articles in the Los Angeles area, and



he said that his office did for the year before; and if he had them since, he said, yes, they had them. But they made no effort to produce them, and it seems to me that would really mean a measure of damages to the plaintiffs here."

Defendant is entitled to the benefit of all reasonable inferences and to have the evidence viewed most favorably to it. Stacher v. United States, 258 F.2d 112 (9th Cir. 1958). The trial court may reject entirely the uncontradicted testimony of a witness, particularly if such witness was an interested party. Joseph v. Donover, 216 F.2d 812 (9th Cir. 1958). Furthermore, the burden on an appellant, who seeks to reverse a judgment for error in fact, to show that essential findings are clearly erroneous is, indeed a heavy one when, . . . [the] decision must turn largely upon the credibility of witnesses the trial judge saw and heard. Hedger v. Reynolds, 216 F.2d 202 (2nd Cir. 1954).

Applying these legal principles, the Court did not err in finding that there was "no evidence of any damage to plaintiff" (1 Tr. 230).

On the issue of profits, the unquestioned documentary evidence showed that defendant paid \$5.90 for the book and sold it for \$25.00, a profit of \$19.10. Plaintiff claims that profit was uncertain because the amount of overhead allocable to the sale is uncertain. But 17 U. S. C. Sec. 101(b) says:

" . . . in proving profits the plaintiff shall be

- required to prove sales only, and the defendant shall
- be required to prove every element of cost which he claims."

Plaintiff proved the sale. Defendant proved one element of cost, the purchase price of \$5. 90. Defendant did not claim any overhead or other element of cost. It admitted a profit of \$19. 10. Why does plaintiff complain? It did not have the burden of proving every element of cost and defendant's failure to prove additional costs makes plaintiff's recovery even larger than otherwise. Furthermore, plaintiff cannot dictate an accounting system to defendant. Nor can plaintiff dictate how defendant shall defend its case.

Defendant's profit covered over 1,000 songs. Plaintiff only sought recovery on twelve. It did not prove that these twelve were any more or less valuable than the others. So, the Court apportioned the profit by taking 12/1000 of \$19. 10, which amounted to 23 cents. Certainly, plaintiff should not recover defendant's profits on the copyrighted songs of other members of the Music Publisher's Protective Association. This was not a class suit.

The Court did not err in finding that "the actual profits are trivial but are not difficult to ascertain" (1 Tr. 229).

This was a case in which plaintiff suffered no damage and defendant's profits from the infringement were 23¢. How can this Court say that the District Court abused its discretion in

refusing to award plaintiff \$3,000, especially where defendant innocently infringed by selling only one book and there was no evidence that he needed to be deterred from further infringements?

As the Court said in Universal Pictures v. Harold Lloyd, 162 F.2d 354, 73 USPQ 317, 336 (9th Cir. 1947):

"Award of statutory damages in the terms of the statute is proper only in the absence of proof of actual damages and profits. The Court having found the extent of both, the point fails."

III

WHERE PLAINTIFF FAILS TO PROVE REAL AND SUBSTANTIAL DAMAGE AND DEFENDANT PROVES PROFITS WITH CERTAINTY, AN AWARD OF STATUTORY DAMAGES IS AN ABUSE OF DISCRETION.

In Davilla v. Brunswick Balke Collender Co., 19 F. Supp. 819, 35 USPQ 157 (S.D. N.Y.) modified 94 F.2d 567, 36 USPQ 398 (2nd Cir. 1938), cert. denied 304 U.S. 572, 37 USPQ 844 (1938), there was "no proof of actual damages suffered by the plaintiff". The District Court awarded \$5,000.00 as "a statutory award of damages in lieu of actual damages and profits". In modifying the award the Circuit Court said:

". . . we think there was ample evidence to make an award of damages on the basis of actual profits and, therefore, the master and the court below were in error in granting statutory damages. . . . actual

profits were sufficiently established before the master so as to preclude the recovery of statutory damages.

". . . Since the amount of the sales was sufficiently proved, there was no basis for an award of statutory damages. Such an award should not be based upon the idea of punishment, but depends upon the absence of proof of actual profits and damages.

Dahnken v. Crowley, 252 Fed. 749, 754; Wester-
mann v. Dispatch Co., 249 U.S. 100."

The First Circuit applied the same rule in Sammons v. Colonial Press, Inc., 126 F.2d 341, 53 USPQ 71 (1st Cir. 1942). There, the plaintiff offered "no evidence of actual damages from the infringement". The District Court awarded \$250.00 and costs "in lieu of actual damages and profits". In remanding for further evidence on deductible expenses, the Court said:

". . . if the district court finds after further hearing upon remand that Colonial Press made profits for which it must account, the amount of such profits will be the measure of recovery, and it will no longer be permissible to decree statutory damages 'in lieu of actual damages and profits.' Sheldon v. Metro-
Goldwyn Pictures Corp., 309 U.S. 390, 399 (44 U.S.P.Q. 607, 610) (1940); Davilla v. Brunswick-
Balke Collender Co. of New York, 94 F.2d 567, 569 (36 U.S.P.Q. 398, 399, 400) (C.C.A.2d 1938).

Cf. Johns & Johns Printing Co. v. Paull-Pioneer
Music Corp. 102 F.2d 282 (41 U.S.P.Q. 3) (C.C.A.
8th, 1939)."

The Court of Appeals for the District of Columbia applied the rule in The Washington Publishing Co. v. Pearson, 140 F.2d 465, 60 USPQ 224, 225 (D.C. Cir. 1944). There, the plaintiff "suffered no damages". The District Court awarded apportioned profits on the infringing book which amounted to \$15.46 against defendants Pearson and Allen. In affirming, the Court of Appeals said:

"Since the 'in lieu' clause is not intended as a penalty, the Court was right in awarding no damages. That clause 'was adopted . . . to give the owner of a copy-right some recompense for injury done him, in a case where the rules of law render difficult or impossible proof of damages or discovery of profits.'

It is not applicable here, first because there was no 'injury done' to appellant and second because 'the profits have been proved. . .'. Appellant cannot complain of the fact that the apportionment of profits between infringing and non-infringing parts of the book, though liberal to him, is not mathematically exact. The fact that the printer made no profit but took a loss is not, as appellant suggests, a reason for awarding statutory damages against the printer

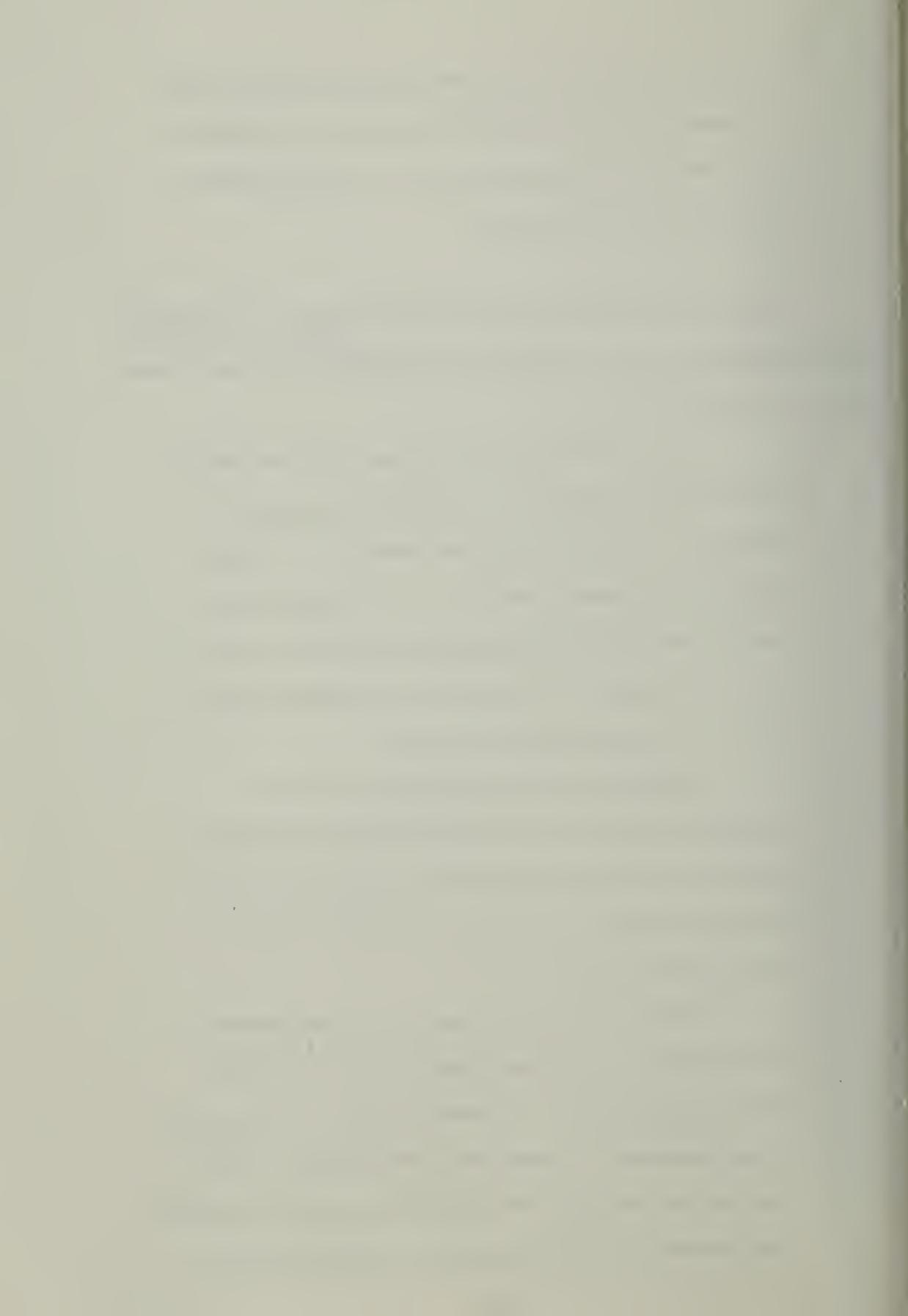
'in lieu of' the profits which he did not make and the damages which appellant did not suffer. Certainly that profits and damages are nil is not equivalent to difficulty in proving them."

Judge Yankwich applied the rule in Malsed v. Marshall Field & Company, 96 F. Supp. 372, 88 USPQ 552 (W. D. Wash. 1951). He said:

" . . . the facts in the case show not difficulty in ascertaining damages, but actual absence of any damages, not failure to prove damages, but non-accrual of damages, because of the failure of the plaintiff to exploit her copyright in a manner that would be harmed by competition and unauthorized use of her label by the defendant.

"Under Section 101, Title 17, U. S. C., damages and profits 'are distinct items of recovery and are awarded on quite different legal principles.' See, Sammons v. Colonial Press, 1942, C. A. 1, 126 F. 2d 341, 344.

"The 'in lieu' provision is, as the language of the section states specifically, 'in lieu of actual damages and profits.' It does not apply where either actual damages or profits are ascertainable. This has been the ruling of the courts ever since the section was amended to its present form. The following



quotations are typical:

" 'The phraseology of the section was adopted to avoid the strictness of construction incident to a law imposing penalties, and to give the owner of a copyright some recompense for injury done him in a case where the rules of law render difficult or impossible proof of damages or discovery of profits. In this respect, the old law was unsatisfactory.' Douglas v. Cunningham, 1935, 294 U.S. 207, 209. (Emphasis added)

" 'The plaintiff seems to suppose that regardless of any loss, it may satisfy its spleen by treating the allowances as penalties; but the section expressly declares that they are not to be regarded as such. They are "in lieu of actual damages and profits," and are limited to "such damages as to the court shall appear to be just," though it is true that the court may use them without proof of the quantum of the loss. The minimum was all that was proper, when we can see, as we can, that the plaintiff has not been damaged.' Russell & Stoll Co. v. Oceanic Electrical Supply Co., Inc., 1936, C. A. 2, 80 F.2d 864, 865 [28 USPQ 203, 204].

* * *

"The plaintiff takes the view that, because the recovery of both profits and damages are allowable, the 'in lieu' provision is effective in case one or the other element of recovery is difficult of ascertainment. The weakness of this argument is that it overlooks the very wording of the section which is to the effect that in order that the 'in lieu' provision be resorted to, there must be difficulty or impossibility of computing both damages and profits. Or, differently put, if profits are ascertainable, the minimum provided in the 'in lieu' provision need not be resorted to. The Supreme Court in *Sheldon v. Metro-Goldwyn Corp.*, 1940, 309 U.S. 390, 399, has said so specifically:

" We agree with petitioners that the "in lieu"
clause is not applicable here, as the profits
have been proved and the only question is as
to their apportionment.' " (emphasis added)

"In the present case, the exact number of labels used after the expiration of the license has been stipulated to. So has the price which was added to each candy box when the label was used. And the profit, whether computed on the basis of the actual amount earned per box or, - as computed by the defendant's expert accountant on the basis of cost accounting and of the revenues and profits of the department in which the candy was sold in relation

to the profits of the entire store, - has been shown with as much precision as is possible. It amounts, at most, to one hundred dollars. And when we give the plaintiff the benefit of all this profit, we are giving her all that she is entitled to, - all the detriment she has suffered by the infringement. Theoretically, in a proper case, both damages and profits are recoverable. But when the plaintiff has suffered no damages, and the profits are ascertainable, to resort to the 'in lieu' clause and award to the plaintiff a minimum based upon her theory of three publications, - the printing of the five hundred labels and the two advertisements - would amount to the imposition of a penalty. And the 'in lieu' provision has been declared by the cases not to be such, but rather, the equitable substitute for cases which present difficulty or impossibility of proof as to damages and profits. (Douglas v. Cunningham, *supra*, p. 209-210). Where no such difficulty exists, where, on the contrary, exact proof of profits has been made, and no other damage is shown to have flown from the violation, there is no need for resorting to the 'in lieu' provision."

AN AWARD OF STATUTORY DAMAGES AS
PUNISHMENT IS NOT WITHIN THE COURT'S
DISCRETION.

In Turner & Dahnken v. Crowley, 252 Fed. 749 (9th Cir. 1918), the District Court awarded statutory damages of \$1.00 for each of 7,000 copies of the words and music of "My California Rose" copied, published and distributed by defendant, although the Court found that plaintiff's profit would not have exceeded 8¢ per copy or \$560.00. In reducing the award from \$7,000.00 to \$560.00, this Circuit said:

" . . . the duty of the court was to award damages as justified by the nature and circumstances of the case as developed upon the trial. Thus, while the discretion of the court may be used to award damages where no proof of actual damage is offered, yet the award should have relation to such inferences as are reasonably deducible from the whole case of infringement, and such damages are not to be awarded as based upon the idea of punishment." (emphasis added).

If \$7,000.00/\$560.00 or 12-1/2 times profits is a penalty ^{9/} where 7,000 copies are distributed to the public, certainly

9/ Where the sum sought to be exacted is excessive, that is, greatly disproportionate to the actual loss, a penalty rather than damages will be inferred. Helwig v. United States, 188 U.S. 605 (1903).

\$3,000.00/25¢ or 12,000 times profits is a penalty where there is only one sale to plaintiff's own investigator.

V

DEFENDANT'S INNOCENT INTENT MAY PRE-
CLUDE AN AWARD OF STATUTORY DAMAGES.

Nimmer on Copyright, Sec. 148, p. 660 says:

"But if innocent intent does not generally derogate from liability, it may have a considerable bearing on the remedies available to the complaining party . . . courts have . . . suggested that innocent intent may be a defense to an award of damages. . . ."

VI

THE COURT DID NOT ABUSE ITS DISCRETION
IN REFUSING AN INJUNCTION AND AWARDING
DEFENDANT ATTORNEYS' FEES.

The right to an injunction is not absolute. Injunctive relief ordinarily will not be granted when there is no probability or threat of continuing or additional infringements. Massapequa v. The Observer, 126 USPQ 229 (E. D. N. Y. 1960); Sheldon v. Moredall, 95 F.2d 48, 37 USPQ 286 (2nd Cir. 1938). Defendant established the absence of such threat by Mr. Bleeker's testimony at trial. Unlike Hoagland's testimony, the Court believed it.

An award of attorneys' fees is discretionary. Buck v. Bilkie,

63 F. 2d 447, 16 USPQ 382 (9th Cir. 1933). There is no statutory limitation to "exceptional cases" as in patent law. Plaintiff's refusal to accept the Supreme Court decision in the Woolworth case is sufficient grounds alone for awarding attorneys' fees. Rose v. Bourne, 176 F. Supp. 605, 123 USPQ 29 (S. D. N. Y. 1959). The award does not have to rest on the finding of bad faith or economic disparity. Plaintiff's claim need only be "unreasonable". In other words, defendant may be awarded attorneys' fees if plaintiff employed "a highly technical argument as a means of extracting a grossly unfair penalty assessment from the defendants". Mailer v. RKO, 332 F. 2d 747, 141 USPQ 462 (2nd Cir. 1964). Since that is what happened in this case, the District Court did not abuse its discretion in finding that plaintiff's claim for mandatory damages was unreasonable. 10/

VII

PLAINTIFF'S AUTHORITIES SUPPORT DEFENDANT.

There is not enough space to analyze the more than 50 cases cited by plaintiff, most of which were lower court cases prior to the Woolworth decision. Therefore, defendant will only discuss the Supreme Court cases relied on by plaintiff.

10/ The Court only awarded attorneys' fees for the period after October 29, 1964 (2 Tr. 231), thereby limiting the award to the amount expended in defending against plaintiff's claims for damages and excluding the amount incurred in defending on the infringement issue.

In reading the cases, it is important to keep in mind that while the Court has discretion in awarding statutory damages, once it has affirmatively exercised that discretion, it is mandatory that the Court award the statutory minimum. So, if the Court exercises its discretion, without saying so, and then talks about the minimum being mandatory, plaintiff may erroneously cite that decision as holding that statutory damages are mandatory in every case.

In Westerman v. Dispatch, 249 U.S. 100 (1919), upon which plaintiff heavily relies, the defendant did not prove profits with certainty; "Whether the defendant made any profit from the publications . . . (did) not appear" (at page 104).

Plaintiff's damage was "real and substantial"; six copyrighted items were published in a daily newspaper having a circulation of 30,000 copies in an area where plaintiff had exclusively licensed the copyrighted works. The Court said (at page 103):

"The record, while showing that plaintiff was damaged by the infringing publications, does not show the amount of damages, a matter which is explained by undisputed testimony to the effect that the damages could not be estimated or stated 'in dollars and cents, or in money'." (emphasis added).

Also, the "plaintiff asked for what are termed statutory damages in lieu of actual damages and profits" (at page 104). And "both parties recognize(d) that under the proofs the damages must be assessed under the alternative provision requiring the infringer,

in lieu of actual damages and profits, to pay such damages as to the court shall appear to be just, etc." (at page 106). So there are at least five grounds for distinguishing Westermann:

- (1) In that case, defendant did not prove profits with certainty; here defendant did.
- (2) There, plaintiff's damages were "real and substantial"; here, they were not.
- (3) In Westermann, plaintiff asked only for statutory damages; here, plaintiff asked for damages and profits, or, in the alternative, for statutory damages (2 Tr. 28-29).
- (4) There, defendant agreed that statutory damages should be awarded; here, defendant took a vigorous contrary stand.
- (5) In Westermann, the plaintiff's agent did not procure the infringement; here, he did. 11/

Westermann was a case in which the trial court clearly exercised its discretion to award statutory damages. Having done so, the Supreme Court held it could not award less than \$250.00. So, the ominous underlined words from Westermann on page 18 of Plaintiff's Brief, relate to a case in which the Court, with the consent of both parties, exercised its discretion to award statutory

11/ Cf. Nimmer on Copyright, Sec. 147, page 656:

"The defense of estoppel is clearly available if plaintiff has aided the defendant in the acts of alleged infringement or has induced or caused the defendant to perform such acts."

damages. The following bracketed, underlined words should therefore be inserted in the quote:

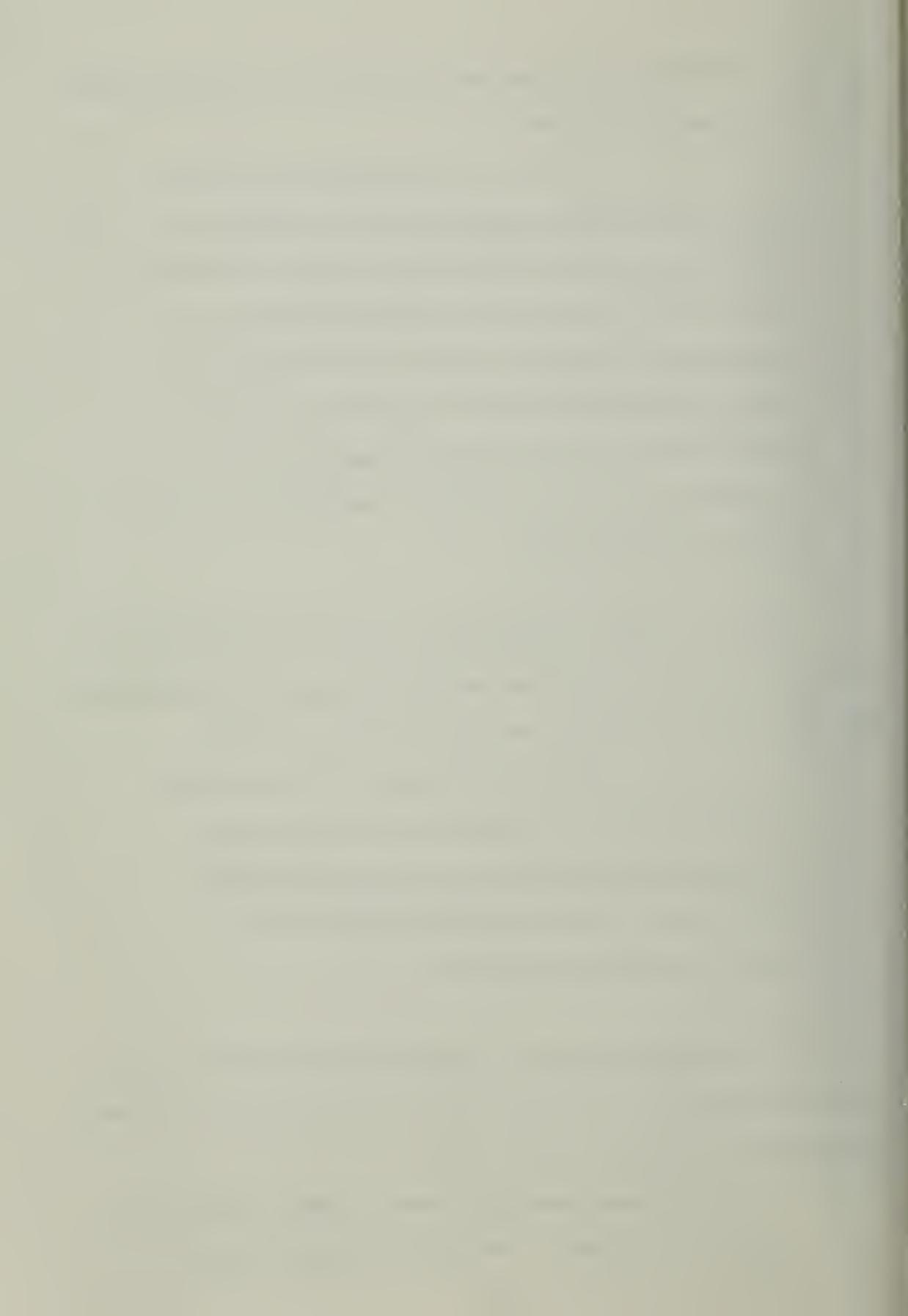
" . . . in every case (in which the court exercises its discretion to award statutory damages) the assessment must be within the prescribed limitations, that is to say, neither more than the maximum nor less than the minimum. Within these limitations the court's discretion and sense of justice are controlling, but it has no discretion when proceeding under this provision to go outside of them." (Material in brackets and underlining added).

There is nothing in Westermann which says that \$250 is the minimum if the Court exercises its discretion not to award statutory damages. On the contrary, the Court said (at page 101):

" . . . when actual damages are proven which cannot be measured in dollars and cents, then the Court may, in the exercise of its sound discretion, award a sum within the maximum and minimum limits." (underlining added).

As for Jewell-LaSalle v. Buck, 283 U. S. 202 (1931), this Court should accept the Supreme Court's own interpretation thereof. In Woolworth, the Supreme Court said:

"Nor does anything in Jewell-LaSalle Realty Co. v. Buck, 283 U. S. 202, in the light of its facts support

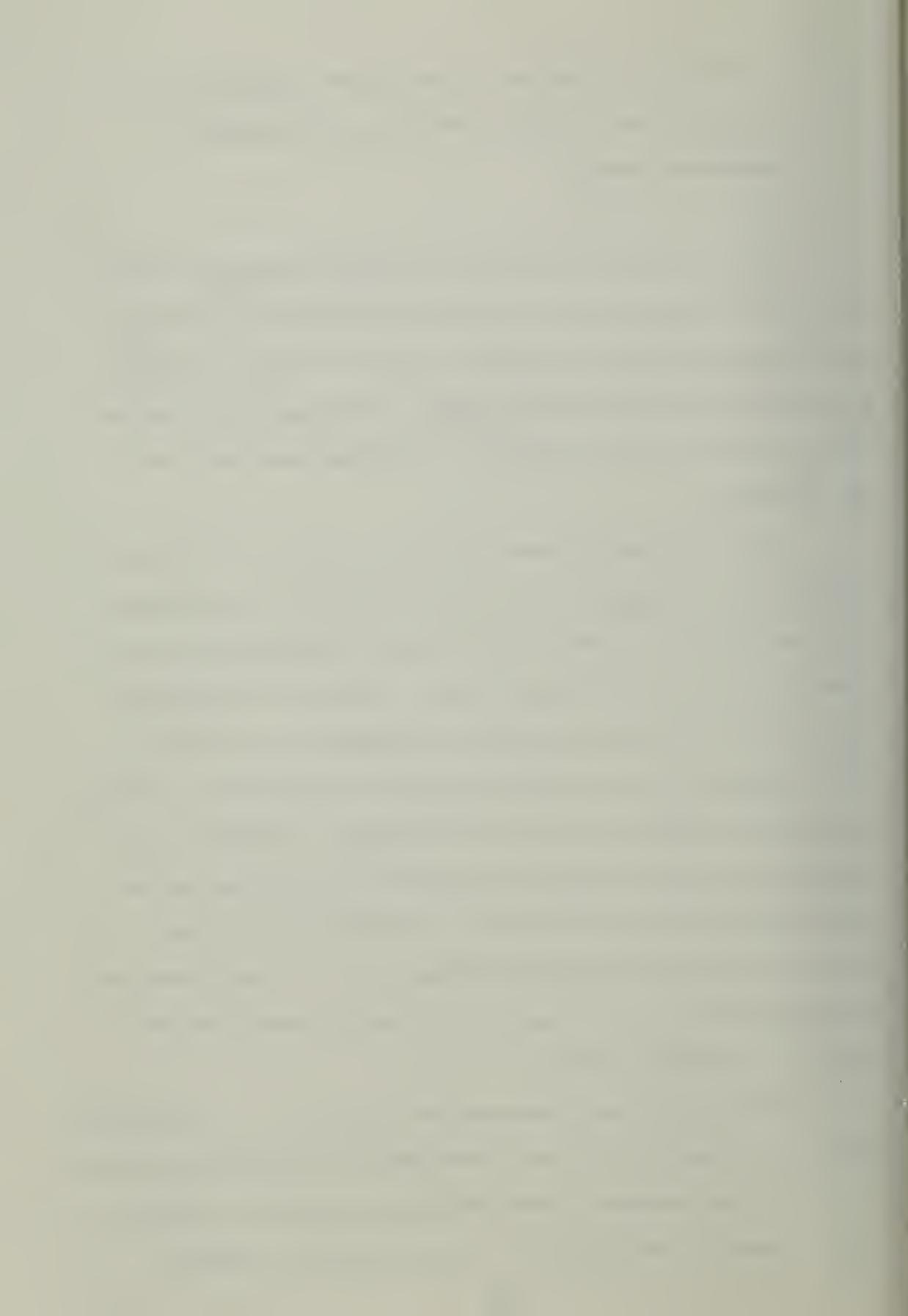


petitioner. It holds use of the 'in lieu' clause permissible, 'there being no proof of actual damages'." (emphasis added).

In this connection, plaintiff cites Buck v. Bilkie, 63 F. 2d 447 (9th Cir. 1933), where there was no proof of actual damages and nothing appeared as to profits. The Court in Buck v. Bilkie plainly misinterpreted Jewell-LaSalle. They said it held the use of the "in lieu of" clause mandatory. The Supreme Court said "permissible".

The remaining Supreme Court case relied upon by plaintiff is Douglas v. Cunningham, 294 U.S. 207 (1935). There Douglas wrote an original story which was accepted, copyrighted and published by The American Mercury, Inc. Thereafter Cunningham appropriated the story for the Post Publishing Company and the latter published in some 384,000 copies of a Sunday edition. Douglas admitted inability to prove actual damages. The trial Judge ruled that no actual damages had been shown, but in lieu thereof granted the petitioners \$5,000 and a counsel fee. The Circuit Court of Appeals sustained an assignment of error which asserted the Judge had "abused his discretion" in making the award and reduced the damages to \$250.

The sole question presented was "whether . . . an Appellate Court may review the action of a trial Judge in assessing an amount in lieu of actual damages, where the amount awarded is within the limits imposed by the section". The Court held not, saying:



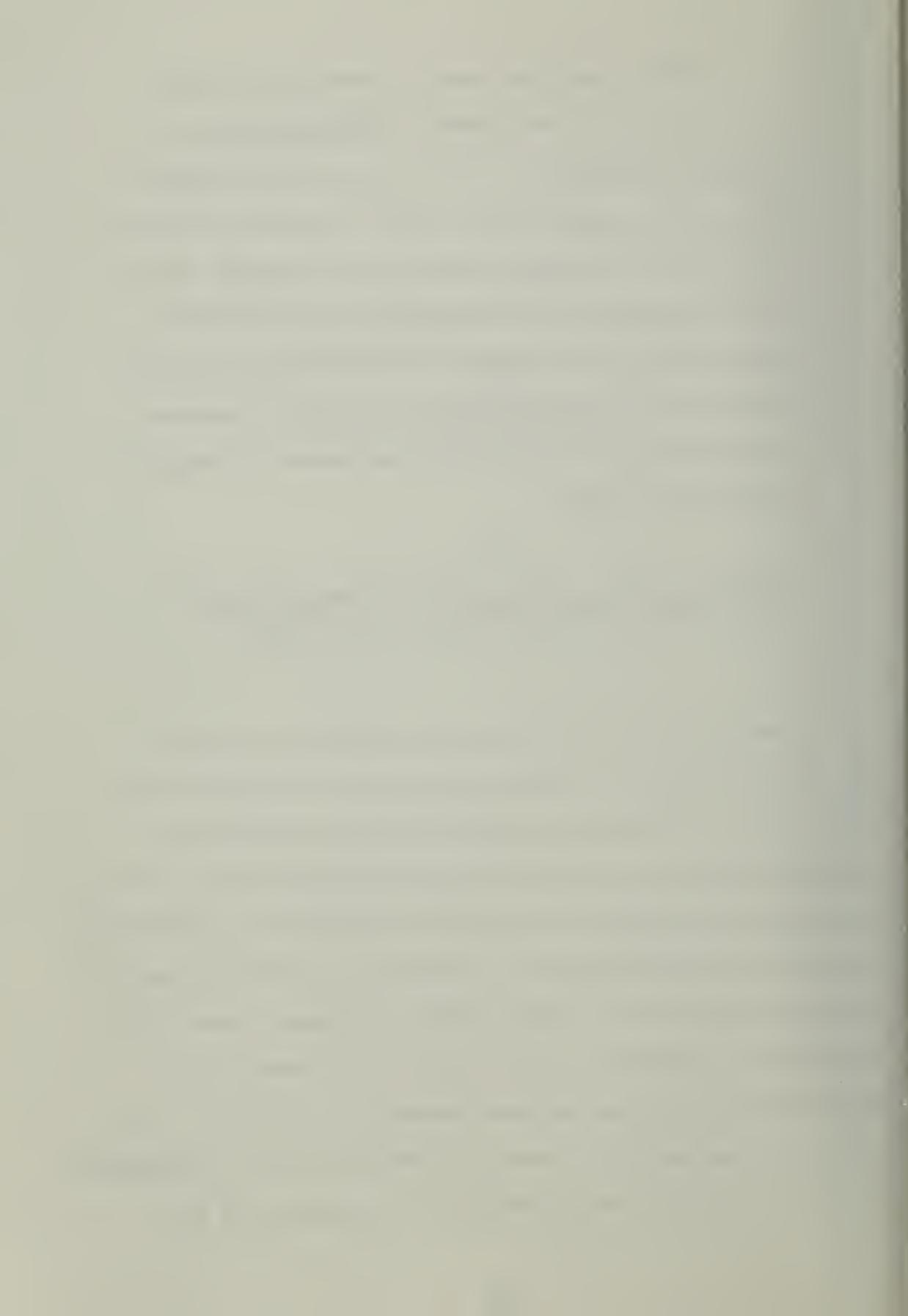
"This court has twice construed §25(b) in the light of its history and purpose. Westermann Co. v. Dispatch Printing Co., 249 U.S. 100; Jewell-LaSalle Realty Co. v. Buck, 283 U.S. 202. As shown by those decisions, the purpose of the act is not doubtful. The trial judge may allow such damages as he deems to be just and may, in the case of an infringement such as is here shown, in his discretion, use [statutory damages within the prescribed limits] as the measure of damages."

(underlining added).

VIII

REQUEST FOR ADDITIONAL ATTORNEY'S FEES TO COVER THE EXPENSES OF THIS BRIEF.

The attorney's fee awarded by the District Court only covered the expenses of defending the claim for damages in the District Court. After observing Mr. Bleeker's demeanor and hearing his testimony, the District Court found that he was a truthful and innocent infringer. But the District Court thought differently of plaintiff's witness Hoagland. Accordingly, the Court refused to exercise its discretion to award statutory damages. Under these circumstances, defendant submits that the prosecution of this appeal on the theory that statutory damages are mandatory -- in view of the Supreme Court cases just discussed, and the Woolworth decision -- is wholly without merit and a continuation of the



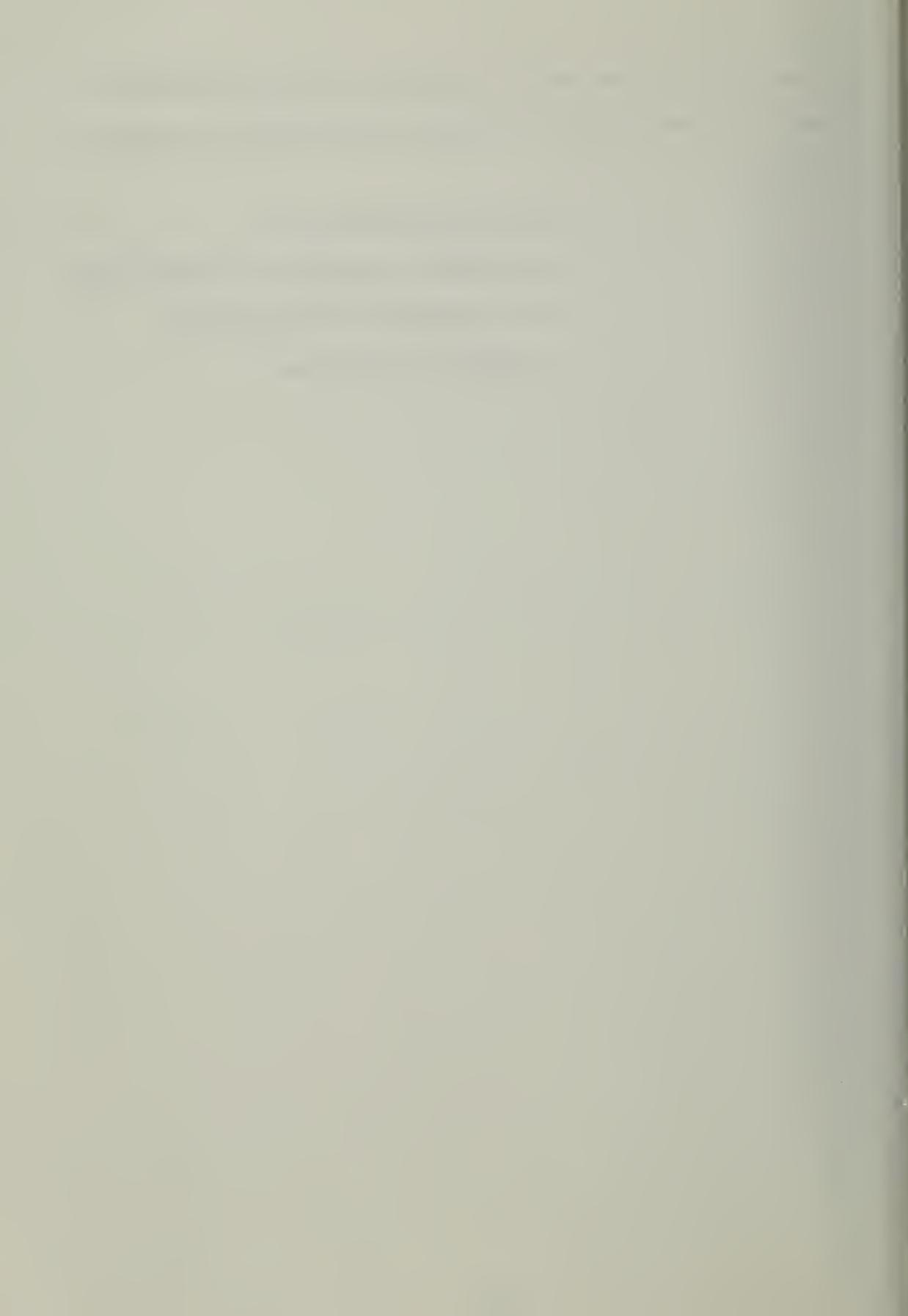
"unreasonable" attitude taken in the District Court. • Accordingly, defendant requests additional attorney's fees to cover the expenses of this Brief.

Respectfully submitted,

MAHONEY, HALBERT & HORNBAKER

By: ROBERT D. HORNBAKER

Attorneys for Appellee.

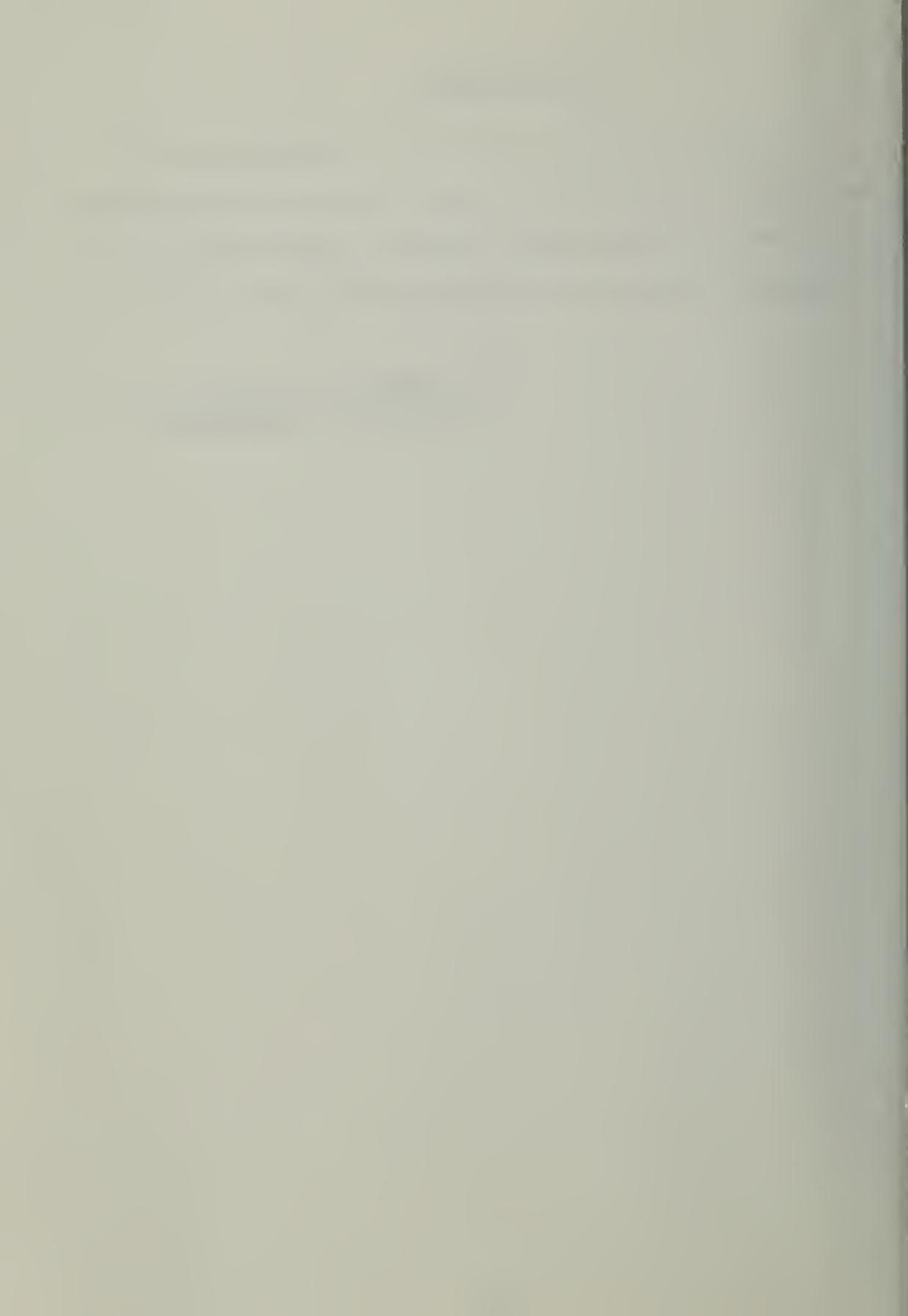


CERTIFICATE

I certify that in connection with the preparation of this brief, I have examined Rules 18 and 19 of the United States Court of Appeals for the Ninth Circuit, and that, in my opinion, the foregoing brief is in full compliance with those rules.

/s/ Robert D. Hornbaker

ROBERT D. HORNBAKER



APPENDIX A

MEMORANDUM DENYING MOTIONS FOR SUMMARY JUDGMENT - FILED DEC. 19, 1963 NO. 63-244-PH

This Complaint for infringement of copyright asserts that defendants, as Reed's Music Store, sold a "fake-book" which contained the right hand melody of 1,000 songs, 12 of which were copyrighted by the plaintiff.

Defendants filed a Motion for summary judgment on the ground that it does not appear that they "copied" the songs, and that the sale of the book constituted a "fair use." Plaintiff opposed the Motion for summary judgment and filed one of its own on the ground that plaintiff is entitled to the so-called "statutory minimum" damages of \$250 for each one of the plaintiff's 12 copyrighted songs contained in the single book.

Neither party is, in the opinion of the Court, entitled to summary judgment as each has misconceived the applicable law in certain respects.

Defendants have misconceived the applicable law in that the Copyright Act (17 U. S. C. 1) gives the person owning the copyright not only the exclusive right to copy, but also to vend the copyrighted work.

Plaintiff misconceives the applicable law in that it asserts that it is entitled to the minimum sum of \$250.00 for each of the songs, regardless of the actual damage suffered by the owners of the copyright and regardless of the profits which shall have been

made by the vendor.

The damage provision of the Copyright Act contained in 17 U.S.C. 101(b), in its pertinent part, provides as follows:

"If any person shall infringe the copyright in any work protected under the copyright laws of the United States, such person shall be liable:

" * * *

(b) Damages and profits; amounts; other remedies-- To pay to the copyright proprietor such damages as the copyright proprietor may have suffered due to the infringement, as well as all the profits which the infringer shall have made from such infringement, and in proving profits the plaintiff shall be required to prove sales only, and the defendant shall be required to prove every element of cost which he claims, or in lieu of actual damages and profits, such damages as to the court shall appear to be just, and in assessing such damages, the court may, in its discretion, allow the amounts as hereinafter stated, * * * * and such damages shall in no other case exceed the sum of \$5,000 nor be less than the sum of \$250, and shall not be regarded as a penalty."

The book contained the melodies for 1,000 songs, and assuming that all of them were copyrighted, under defendants' theory, the plaintiff would be liable for damages in the sum of \$250,000 for the sale of a single book. Obviously this would be

an unjust result, and just as obvious, it seems to me, the result would be unjust for the plaintiff to recover \$3,000 in damages without proof of actual damage or of defendants' profits.

In Woodman v. Lydiard-Peterson Co. (Minn. 1912) 192 Fed. 67, at page 71, the Court said:

"The anomalous provision in this section is this: That the court may in lieu of actual damages and profits in its discretion allow such damages as shall appear to be just; yet it apparently requires such damages in this case to be \$250. But it cannot be possible that, where the court is of the opinion that there were no damages at all, it still is bound to allow \$250, and that, where the court is of the opinion that it would be a matter of injustice to allow even \$1, it would be compelled by law to allow \$250. Some other construction must be given to that provision. I think it means that where the court is satisfied that there are substantial damages, but the evidence is incomplete or is insufficient, so that the court cannot determine just what the damages are, then it may allow them on that basis. But wherever the court is of the opinion that the damages cannot be more than \$50 or \$100, it should not allow \$250."

In F. W. Woolworth Co. v. Contemporary Arts, Inc. (1952) 344 U.S. 228, the Court made clear that it is a matter of judicial discretion as to whether or not it is more just that recovery be

based upon proven profits of the defendant and damages to the plaintiff, or be within the statutory limits.

In this connection, it must be pointed out that the plaintiff is seeking relief in the alternative, i. e., such damages as plaintiff has suffered as well as such profits as defendants have made, or in lieu thereof, not less than the \$250 minimum for each infringement.

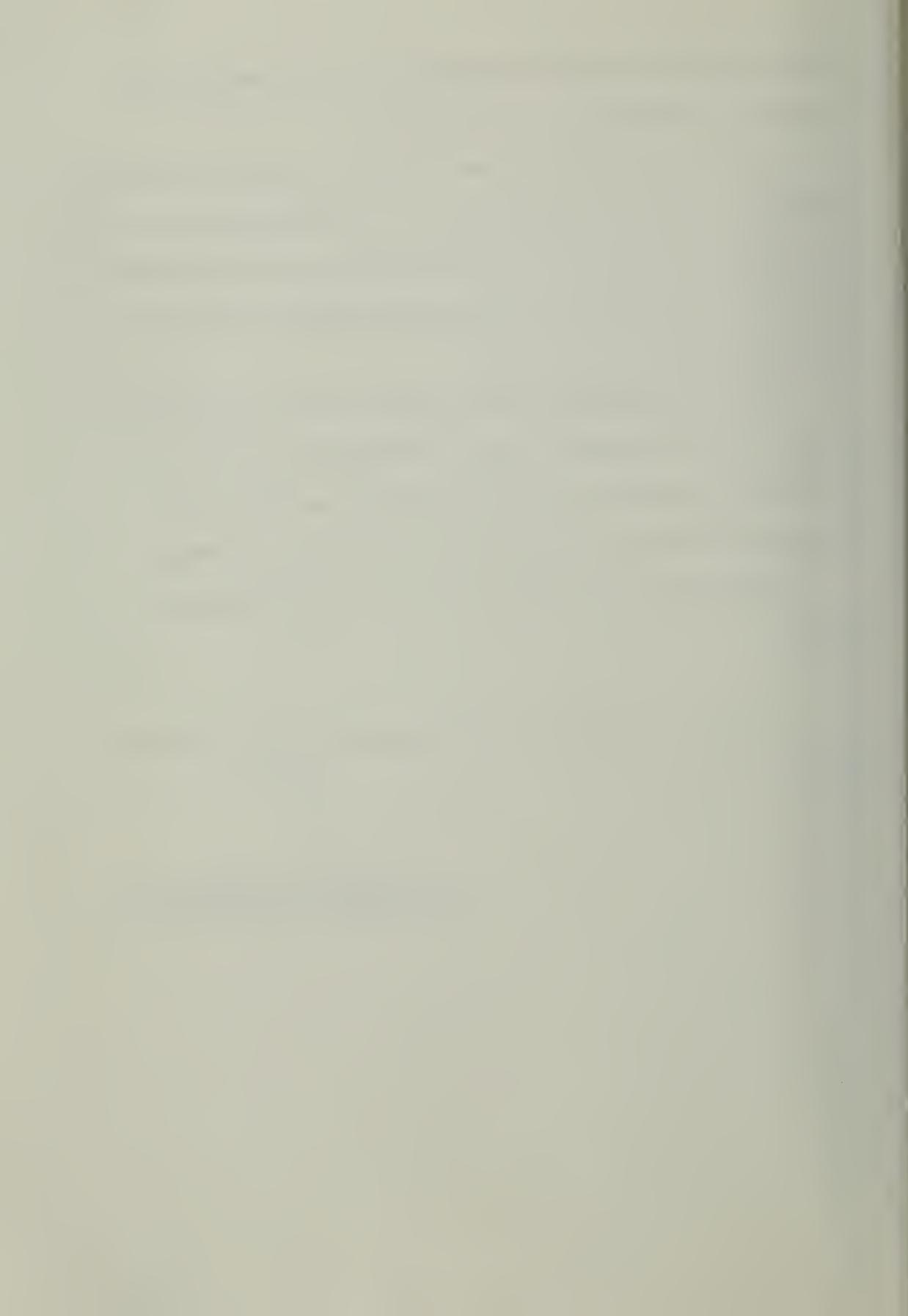
The parties should be put to their proof as to damages of plaintiff, and as to profits, if any, of defendants, before the Court is in a position to exercise the discretion which might result in the imposition of the statutory minimum of damages.

Accordingly, both Motions for summary judgment are denied.

DATED: Los Angeles, California, this 19 day of December, 1963.

PEIRSON M. HALL

United States District Judge



APPENDIX B

MEMORANDUM - FILED JUNE 21, 1965
NO. 63-244-PH

After trial on the merits to the Court, the case was submitted for decision.

Plaintiff is the owner of 55 copyrighted musical compositions, the "right hand melody" of the title and chorus of each of which, and in some cases the entire lyrics and music, were printed in a book entitled "1,000 Favorite Standard Songs, Vol. 1."

Plaintiff did not authorize the reproduction in the book of any of the songs to which it owned the copyright, and no copyright notice was contained either in the book or any of the pages.

In the trade, the book is commonly called a "fake" book, which means that if a musician does not have the exact musical score before him, he plays the melody by memory and fakes the harmony.

Defendant is primarily engaged in the sale of musical instruments, but about one-half of one per cent of his total sales is from musical compositions.

On June 13, 1962, defendant sold one of said books to an agent of plaintiff for \$25.00 plus \$1.00 tax. This suit followed on March 1, 1963, seeking so-called "statutory" damages of \$250.00 for each of only 12 of the 55 copyrighted numbers

contained in the book sold to plaintiff's agent. 1/

The plaintiff, in addition to damages, seeks an injunction. But from the evidence in the case, the Court is not justified in concluding that there is any threat by the defendant to sell or continue to sell any of the copyrighted compositions, without plaintiff's permission, and the request for injunction will be denied, which leaves the matter of damages.

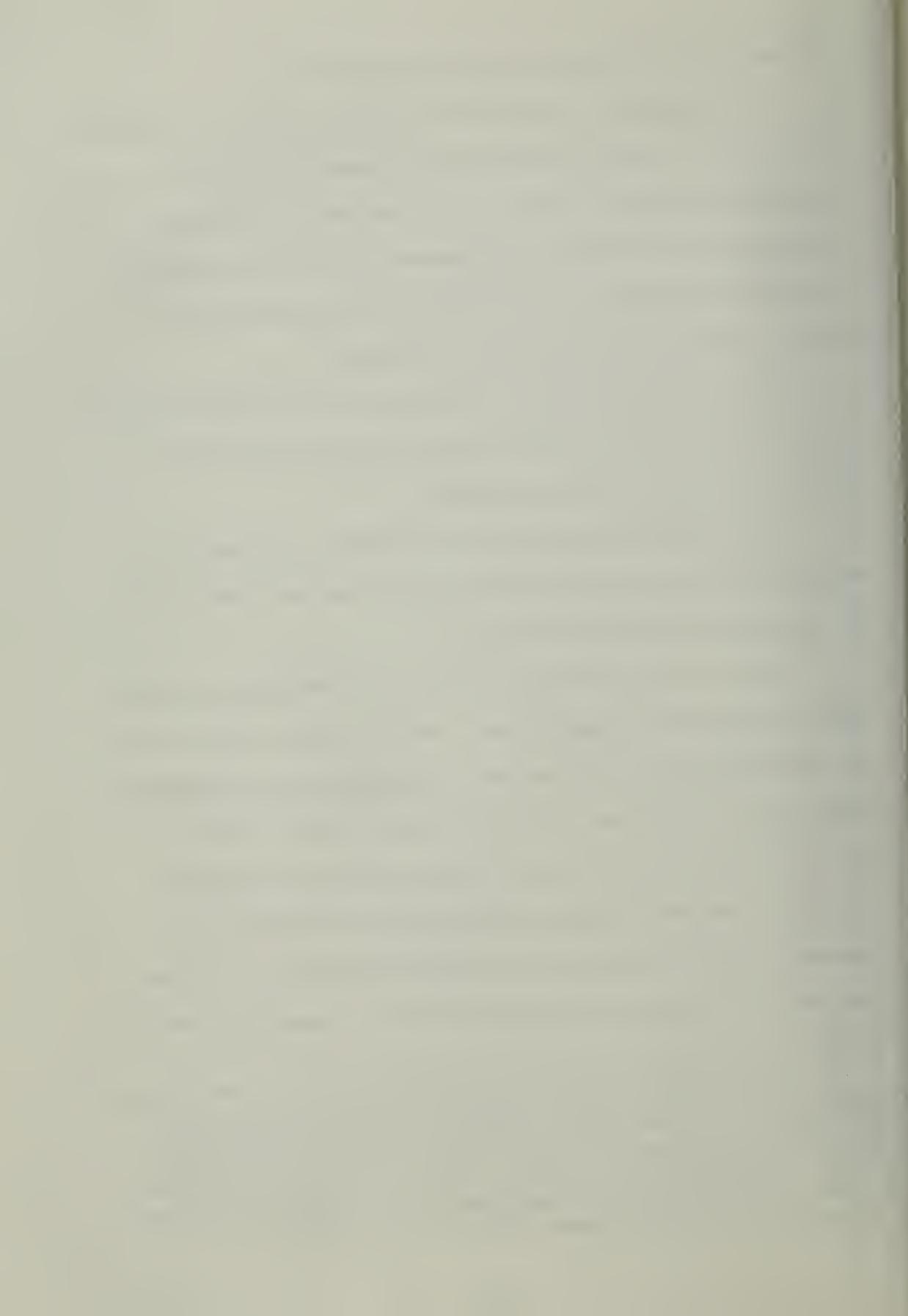
Defendant did not copy the material in the book but he did vend the book, and the exclusive right to vend resides in the plaintiff, the owner of the copyrights.

The plaintiff insists that it is entitled to the statutory damages for the 12 songs contained in the one book that was sold, or a total of \$3,000 for the one sale.

The "in lieu" provision for \$250.00 damages in the Copyright Act is not to be regarded as a penalty. As so well pointed out by Judge Yankwich of this Court in Malsed et al v. Marshall Field & Co. (W. D. Wash. 1951) 96 F. Supp. 372, the "in lieu" sections of the Copyright Act are there to permit a wronged plaintiff to recover where the rules of law render difficult or impossible proof of damages or discovery of profits. If either the profits or damages are ascertainable, the minimum provided

1/

The evidence shows that the defendant, over a period from August, 1961 to May, 1962, purchased a total of four copies of the book from one Mel Allen of Skoki, Illinois, the last two of which were purchased on May 31, 1962, at the price of \$5.90 each. The defendant still has one copy on hand which defendant's counsel has offered to be impounded. No credible evidence was introduced as to what became of the other two books.

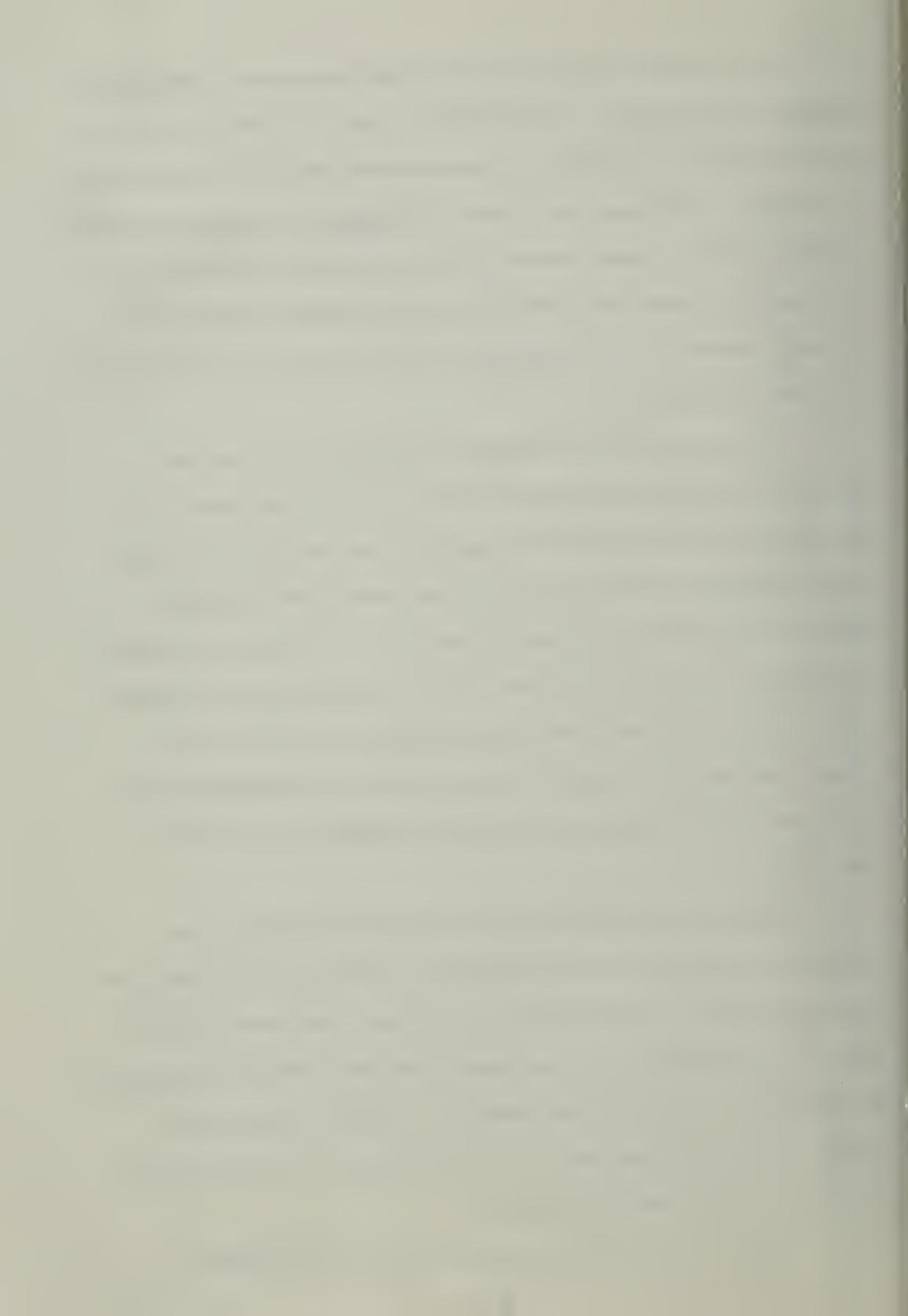


for in the "in lieu" provision need not be resorted to. [Sheldon v. Metro-Goldwyn Corp. (1940) 309 U.S. 390]. It has been said to be the equitable substitute for cases which presented impossibility of proof as to damages and profits. [Douglas v. Cunningham (1935) 294 U.S. 207]. Where no such difficulty exists, and where, on the contrary, exact proof of profit has been made and no other damages shown for the violation, there is no need to resort to the "in lieu" provision.

The justice and sensibility of the above rules of law become immediately apparent when it is considered that if the plaintiff were awarded \$250.00 each for the plaintiff's 55 copyrighted songs contained in the one book sold to the plaintiff's agent, the plaintiff would get its book back, i.e., its copyrighted compositions, plus \$13,750.00. Or to carry the matter further, if all of the 1,000 songs were copyrighted, the owners of the copyrights would be entitled to recover from this defendant who received a total of \$25.00, a total sum of \$250,000.00 for the one sale.

The actual profits made here are trivial but are not difficult to ascertain. The defendant paid \$5.90 for the book and sold it for \$25.00. His total profit for the entire book would be \$19.10, without deducting overhead. But since the book contained 1,000 songs, each song contributed .191 cents to the overall profit; hence, the defendant made a profit of 21 plus cents from the sale of the 12 infringed songs.

There is no evidence of any damage to the plaintiff.



Indeed, it is difficult to see how the plaintiff could be damaged by the sale because plaintiff's own agent bought the book, and thus prevented the circularization of the copyrighted material to the public.

I hold that whatever plaintiff is entitled to recover is de minimis. [Knapp-Monarch Co. v. Casco Products Corp. (7 Cir. 1965) 342 F. 2d 622].

One other matter remains to be covered.

Defendant offered to stipulate a judgment in the sum of \$50.00. Plaintiff is not entitled to that amount, and under Local Rule 15(c), if a defendant offers a certain sum which is rejected by the plaintiff, and the case thereafter goes to trial with the resulting recovery of only the amount previously offered by the defendant, or less, then the defendant is the prevailing party, and as such, is entitled to costs.

Under 17 U.S.C. 116, the defendant as the prevailing party is entitled to reasonable attorney fees which are hereby fixed in the sum of \$1,500.00.

Counsel for defendant will prepare appropriate Findings of Fact, Conclusions of Law, and Judgment.

DATED: Los Angeles, California, this 21 day of June, 1965.

PEIRSON M. HALL

United States District Judge

